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VIRTUA HIGH GROWTH FUND III, LLC
CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

4,000 Units
Limited Liability Company Preferred Member Interests
$100,000,000 Total - $25,000 per Unit
Minimum Investment Per Investor: One Unit ($25,000)

THIS OFFERING IS LIMITED TO ACCREDITED INVESTORS, INCLUDING NON-U.S. PERSONS.
SEE "INVESTOR STANDARDS."

Virtua High Growth Fund III, LLC (the "Company") is an Arizona limited liability company organized on November 3, 2016.

The Company is offering in connection with this Confidential Private Placement Memorandum (respectively, the "Offering" and the "Memorandum") 4,000 Units of its limited liability company preferred member interests ("Units", each a "Unit") at a purchase price of $25,000 per Unit (minimum purchase of one Unit or $25,000 per investor) to accredited investors only, including non-U.S. persons, for a total offering of Units to raise $100,000,000 ("Maximum Offering") pursuant to an exemption under Section 506(c) of the Securities Act of 1933, as amended (the "Securities Act"). The Offering is limited to accredited investors, including both U.S. and non-U.S. Persons as defined in Rule 902 of Regulation S of the Securities Act. All investors in this Offering must be accredited as defined under Regulation 501 of the Securities Act regardless of their status as "Non-U.S. Persons" pursuant to Regulation S.

The Company intends to invest in, own and operate, and/or provide financing for interests in commercial real estate. Each eligible real estate investment is professionally evaluated and the investment decision is made by the Company's sole manager, VHGF Management, LLC, an Arizona limited liability company (the "Manager"). The Offering is a blind pool offering in that the Company has not yet identified specific properties in which the Company will invest the net proceeds from the Offering. Prospective investors will be relying on the Manager to make all such decisions.

The Units offered hereby are speculative securities and involve a high degree of risk. ***See "Risk Factors" beginning on page 10.***

Neither the Securities and Exchange Commission nor any state securities commission or regulatory authority has approved or disapproved these securities, or determined whether this Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Unit [1]	Total [1]
Offering Price of Preferred Member Interests	$25,000	$100,000,000
Estimated Offering Expenses (2)	$813	$3,250,000
Estimated Proceeds Available for Operations	$24,187	$96,500,000

(Footnotes on Following Page)

VIRTUA HIGH GROWTH FUND III, LLC
7600 N. 15th Street, Suite 150-19, Phoenix, Arizona 85020

The date of this Confidential Private Placement Memorandum is December 5, 2016.

The subscription period for the Offering will conclude on the earlier of the date on which the sale of all Units offered hereunder is completed or the date on which the Company, in its sole discretion and without further notice to Unit Holders or potential investors, determines. The Company will promptly admit those investors as Members in the Company that have subscribed for Units and whose subscriptions have been accepted by the Company. The Company will deposit the proceeds of the Offering ("Offering Proceeds"), as and when received, directly into the Company's operating account. **There will be no escrow of the Offering Proceeds.**

All investors in the Offering (the "Preferred Members") will become non-managing members in the Company, upon acceptance of their subscriptions by the Company and payment of the Initial Capital Contribution (defined below). Preferred Members together with assignees of Preferred Members not admitted as Members in the Company are referred to herein as "Unit Holders". An investment in the Company is illiquid and the Units may not be sold or transferred by the Preferred Member except under very limited circumstances set forth in the Company's Operating Agreement (defined below) or required by law. The Units are speculative securities and involve certain risks and uncertainties. *See "Risk Factors" below*. This Offering may involve certain tax risks for all investors, as well as ERISA risks that should be considered by tax-exempt employee benefit plans (*see "Federal Income Tax Consequences" and "ERISA Considerations"*). The Company does not expect to make regular distributions. Any distributions to Unit Holders will be made in the discretion of the Manager.

Footnotes from preceding page:

(1) The Offering is made on a "best efforts — no minimum" basis. There is no requirement that any minimum number of Units be sold before the Offering Proceeds are released to the Company and applied in its business. Therefore, there can be no assurance as to the number of Units that will be sold or the amount of proceeds that will be received by the Company. This table assumes that the Offering of 4,000 Units will be sold.

(2) Offering expenses include legal, accounting, printing and other expenses related to the organization of the Company, preparation for, and conducting the Offering. The Company has agreed to pay the FINRA registered broker-dealer of this Offering, Boustead Securities, LLC, 1% of gross proceeds, or an expected $1,000,000 if all 4,000 Units are sold. Additionally, if the Company, in its sole discretion, request Boustead to source and raise capital for this Offering, it will pay Boustead an additional fee of 2% of all capital that Boustead so sources and raises per Section 5.8 of its Operating Agreement. The Company reserves the right to engage alternative or additional broker-dealers for sale of the Units. *See* "Estimated Use of Proceeds." If fewer than all the Units offered hereby are sold, the per Unit Offering expenses will be proportionately higher and the net proceeds per Unit to the Company will likewise be lower. Any Offering Proceeds allocated to specific expense categories that are not fully utilized for expenses in that category shall be designated by the Company as working capital available for investment.

THIS OFFERING INVOLVES SIGNIFICANT RISKS AS DESCRIBED IN DETAIL IN THIS MEMORANDUM. PROSPECTIVE INVESTORS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY BEFORE INVESTING IN THE COMPANY.

THE SECURITIES DESCRIBED IN THIS MEMORANDUM ARE BEING SOLD ONLY TO "ACCREDITED INVESTORS" (AS SUCH TERM IS DEFINED IN RULE 501 UNDER THE SECURITIES ACT), INCLUDING PERSONS WHO ARE "NON-U.S. PERSONS" (AS THAT TERM IS DEFINED IN RULE 902 OF REGULATION S OF THE SECURITIES ACT), IN A PRIVATE PLACEMENT PURSUANT TO RULE 506(c) AND, ACCORDINGLY, ARE NOT BEING REGISTERED UNDER THE SECURITIES ACT, THE ARIZONA SECURITIES ACT, OR THE SECURITIES LAWS OF ANY OTHER STATE OR COUNTRY. NO RESALE OF THE SECURITIES MAY BE MADE EXCEPT AS PERMITTED UNDER THE OPERATING AGREEMENT AND AS PERMITTED UNDER THE SECURITIES ACT, IF APPLICABLE, AND APPLICABLE STATE OR FOREIGN SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM.

WITH REGARD TO UNITS SOLD TO NON-U.S. PERSONS UNDER REGULATION S, HEDGING TRANSACTIONS INVOLVING THE UNITS MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

PROSPECTIVE INVESTORS SHOULD PROCEED ONLY ON THE ASSUMPTION THAT THEY MUST BEAR THE ECONOMIC RISK ASSOCIATED WITH PURCHASING THE SECURITIES FOR AN INDEFINITE PERIOD OF TIME.

This Memorandum is intended for delivery only to the person whose name appears in the log maintained by the Company in connection with the distribution of this Memorandum. Delivery of this Memorandum to anyone other than the person named or such person's designated representative is unauthorized, and any reproduction of this Memorandum, in whole or in part, without the prior written consent of the Company is prohibited.

Prospective investors are not to construe the contents of this Memorandum as legal, tax or business advice. Each prospective investor should consult his, her, or its own attorney and business advisor as to the legal, business, tax and related matters concerning his, her, or its investment. Prospective investors are urged to request any additional information they may consider necessary in making an informed investment decision. Each prospective investor is hereby offered the opportunity, prior to purchasing any Units offered hereby, to ask questions of, and receive answers from, the Company concerning the terms and conditions of the Offering and to obtain additional relevant information, to the extent the Company possesses such information or can acquire it without unreasonable effort or expense. In any event, all such additional information shall only be in writing and identified as such by the Company. Inquiries concerning such additional information should be directed to Versant Commercial Brokerage, Inc., Attention: Valerie Reid, as set forth below:

VERSANT COMMERCIAL BROKERAGE, INC.
Attention: Valerie Reid
894 W. Washington St.
San Diego, California 92103
Phone: 619-908-1738
Email: Valerie@versantcre.com

No person has been authorized to give any information or to make any representations in connection with the Offering except that information and those representations contained in this Memorandum, or as otherwise authorized by this Memorandum. Any such information given or any such representations made, which are not in this Memorandum or authorized by this Memorandum, are not to be relied upon. This Memorandum does not constitute an offer or solicitation in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this Memorandum nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company or the Manager since the date hereof.

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VIRTUA HIGH GROWTH FUND III, LLC

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

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Exhibits

SUMMARY OF THE OFFERING

The following information is a summary of the Offering and is qualified in its entirety by the information appearing elsewhere in this Memorandum, including in the Investment Summary attached to this Memorandum as Exhibit D. A thorough examination of the entire Memorandum is recommended. All capitalized terms which are not otherwise defined in this Memorandum have the meaning defined in the Company's Operating Agreement dated effective November 18, 2016, and attached as Exhibit A (the "Operating Agreement"). Virtua Partners LLC, an Arizona limited liability company (the "Initial Member" or the "Common Member"), is the only member of the Company.

Company Objectives:	Virtua High Growth Fund III, LLC is an Arizona limited liability company that intends to invest in, own and operate, and/or provide financing for, interests in commercial real estate throughout the United States. *See "Business of the Company."*
Securities Offered:	The Company is offering up to 4,000 Units of limited liability company preferred member interests at a purchase price of $25,000 per Unit, on a best efforts basis, with Maximum Offering proceeds of $100,000,000 pursuant to an exemption under Rule 506(c) of the Securities Act. The Offering is limited to accredited investors, including both U.S. and non-U.S. Persons as defined in Rule 902 of Regulation S of the Securities Act. All investors in this Offering must be accredited as defined under Regulation 501 of the Securities Act regardless of their status as "Non-U.S. Persons" pursuant to Regulation S. Investors in the Offering whose subscriptions are accepted by the Company will become Preferred Members of the Company. Preferred Members, together with their permitted successors and assigns who do not become members of the Company, are referred to herein as "Unit Holders". The Common Member(s) and the Preferred Members are referred to herein, together, as "Members". Members, together with their successors and assigns, are referred to herein as "Interest Holders". The Units offered through this Memorandum represent limited liability company preferred member interests ("Interests") in the Company. The Company reserves the right to terminate the Offering before 4,000 Units have been sold or sell fewer than 4,000

Units, without further notice to Unit Holders or potential investors. The minimum subscription per investor is one Unit or $25,000; however, the Manager, in its sole discretion, may modify the minimum subscription amount from time to time.

Each investor, in submitting his, her or its subscription agreement, tenders his, her or its binding commitment (the "Commitment") to purchase that certain number of Units and to pay the total purchase price therefor (the "Total Purchase Price"). The Manager will determine the time and manner of payment of the Total Purchase Price, and will call for the investor to meet his, her or its Commitment in one or more installments from time to time. The Manager may or may not call for payment of all or part of the Total Purchase Price upon its acceptance of the subscription.

The subscription period for the Offering will conclude on the earlier of the date on which the sale of all Units offered hereunder is completed or the date on which the Company, in its sole discretion and without any further notice, determines (the "Offering Period").

Upon receipt and acceptance by the Company, the Offering Proceeds shall become immediately available for use by the Company.

Proposed Distributions:

Under Section 4.3 of the Operating Agreement, Unit Holders are entitled to receive: (i) a 15% accrued, annual, preferred return on the amount of their investments ("Accrued Annual Priority Return" or "Priority Return"); (ii) the return of an amount equal to their investments ("Unreturned Capital Contributions"); and (iii) their *pro rata* share of 50% of all subsequent Member Distributions, increased by a pro rata amount of profit distributions received by any Manager affiliates at the investment entity level, if any, with the pro rata share being based on the percentage investment made by the Company versus the total equity investment made by all parties in the investment entity level (all as presented in more detail below). There is no guarantee that Unit Holders will receive all or any part of their Accrued Annual Priority Returns, the return of their Capital Contribution, or any subsequent Members Distributions.

Means of Offering:	The Units are being offered and sold on behalf of the Company by Boustead Securities, LLC, a FINRA registered broker-dealer, for a fee of 1% of all gross proceeds in the Offering, or up to $1,000,000 if all 4,000 Units are sold. Additionally, if the Company, in its sole discretion, requests Boustead to source and raise capital for this Offering, it will pay Boustead an additional fee of 2% of all capital that Boustead so sources and raises per Section 5.8 of its Operating Agreement. The Company reserves the right to engage alternative or additional broker-dealers for sale of the Units.
Method of Subscription:	Each prospective investor desiring to invest in Units must execute and deliver to the Company a Subscription Agreement (attached as Exhibit B), the Questionnaire to Prospective Offerees, attached as part of Exhibit B, and the Certification of Accredited Investor Status or Provision of Financial Information, attached as part of Exhibit B (together, the "Subscription Documents"). The Subscription Documents must be submitted to the Company, together, with cash, a check, or wire of funds, payable to "Virtua High Growth Fund III, LLC" in an amount equal to the Total Purchase Price, or such lesser amount, as determined by the Manager, if any. *See "Terms of the Offering" and "How to Invest."*
Term of the Company:	The term of the Company will end on December 31, 2019, subject to extension, in the Manager's discretion, for (a) two additional one year periods following such date if necessary for an orderly liquidation of the Company's investments, or (b) such period required by any covenant or restriction contained in loan agreements or other obligations to which the Company or the Projects are subject. In addition, the Company's term may be ended earlier under the provisions of the Operating Agreement. *See "Summary of Operating Agreement – Term of Company"*
Manager:	VHGF Management, LLC, 7600 North 15th Street, Suite 150-19, Phoenix, Arizona 85020, serves as the sole Manager of the Company (the "Manager").
Prior Experience:	The Manager was organized in 2014 to serve as the manager for the Company's affiliated funds. The Manager currently manages two of the Company's affiliates, Virtua High Growth Fund, LLC and Virtua

	High Growth Fund II, LLC. The Manager will also manage the day-to-day operations of the Company. The Manager's principal, Quynh Palomino, has substantial prior experience in the business of the Company. *See "The Manager and its Affiliates".*
Use of Proceeds:	The Offering Proceeds will be used to pay organization and Offering expenses, and invest in interests in commercial real estate, including undivided tenant-in-common ("TIC") interests. *See "Estimated Use of Proceeds."*
Qualified Investors:	The Company is offering the Units only to prospective investors who are "accredited investors," as that term is defined in Regulation D of the Securities Act of 1933, as amended ("Securities Act"), including persons who are "non-U.S. persons," as that term is defined in Regulation S of the Securities Act. Investors whose Subscriptions are accepted will be admitted to and become Preferred Members of the Company. *See "Investor Standards".*
Payments to Manager:	The Manager will receive an annual management fee of 2% of Company Assets Under Management (as defined below), payable in advance, monthly, at a rate of 0.167% per month.
Payments to Members:	The Company will make no regular distributions to Preferred Members. Distributions will be made in the Manager's sole discretion.
Withdrawal:	Preferred Members may make no withdrawals from the Company. *See "Summary of Operating Agreement – No Early Withdrawal from Company".*
Restrictions on Transfers:	The Units will not be registered under the Securities Act and there is no public market for the Units. There are also substantial restrictions on transferability of Units under federal, state and/or foreign securities laws and under the terms of the Operating Agreement and Subscription Agreement. *See "Terms of the Offering - Restrictions on Transfer" and "Risk Factors.* The Units are subject to severe restrictions with respect to their resale and transfer, there is no current market for the Units, and none is expected to develop as a result of this Offering.

Reports to Preferred Members:	The Company will provide unaudited annual financial statements, Schedule K-1s, unaudited quarterly reports, individual capital account balances and amounts of Unreturned Capital Contributions, and an update on its investment activities.
Risks:	An investment in the Units is subject to certain risks which should be carefully evaluated before an investment in Units is made. *See "Risk Factors" below.*

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RISK FACTORS

An investment in the Units involves a significant degree of risk and is suitable only for qualified investors whose financial resources are sufficient to enable them to assume these risks and to bear the loss of all or part of their investment and who have no need for liquidity in, or consistent periodic cash flows from, this investment.

Investors should read this entire Memorandum carefully and should consult their own independent counsel, accountant or business advisor as to legal and related matters concerning an investment in the Units.

The following risk factors (together with other factors set forth elsewhere in this Memorandum) should be considered carefully, but are not meant to be an exhaustive listing of all potential risks associated with an investment in the Company. Portions of the following risk factors are described in greater detail elsewhere in this Memorandum.

Risks Relating to Investments in Commercial Real Estate

Investments in real estate have been volatile and valuations have experienced severe past downward corrections, and there can be no assurance such will not recur. Investments in real estate are characterized by periods of economic uncertainty. From 2008 through 2011, significant and widespread concerns about credit risk and access to capital were present in the global financial markets, which caused a significant downward correction in real estate values while impeding their recovery. Economies throughout the world, including the United States, experienced substantially increased unemployment, sagging consumer confidence, as well as concern in the general business climate resulting in a downturn in economic activity that negatively affected real estate values. Moreover, the failure (and near failure) of several large financial institutions and the failures, and expectations of additional failures, of smaller financial institutions led to increased levels of uncertainty and volatility in the financial markets, restricted availability of credit from lenders, increased incidence of foreclosure also negatively affected real estate values throughout the world, especially specific regions of the United States such as the southwestern states. While we believe conditions in the real estate market has substantially improved since the 2008-2011 recession, there can be no assurance its adverse consequences have not permanently affected the value of real property, nor can there be no certainty that a recession with similar adverse effects on real estate will not recur.

The Company's business is subject to all of the risks associated with the commercial real estate industry. Investments in commercial real estate are speculative in nature. The Company is subject to all risks incident to investment in real estate, many of which relate to the general lack of liquidity of real estate investments. Many of these factors are not within the Company's control, and could adversely impact the value of the Company's investments. These factors include, but are not limited to:

- downturns in worldwide, national, regional and local economic conditions;

- conditions affecting real estate in specific markets in which the Company may invest, such as oversupply or reduction in demand for commercial space;

- changes in interest rates and availability of attractive financing;

- changes in real estate and zoning laws;

- environmental and/or engineering issues unforeseen in due-diligence, and changes in environmental legislation and related costs of compliance;

- condemnation and other taking of property by the government;

- changes in real estate taxes and any other operating expenses;

- the potential for uninsured or underinsured property losses;

- natural disasters, acts of God, terrorist attacks, social unrest and civil disturbances; and

- with regard to specific interests in properties that the Company may acquire that are subsequently leased, tenant mix, shortage of suitable tenants, an inability to identify suitable tenants on profitable terms, declines in the economic health and financial condition of the tenants and the ability to collect rents from tenants, vacancies, property management decisions, property condition and design, changes in market rental rates or laws affecting rental rates, periodic requirements to repair, renovate and re-lease space, increased operating costs, including real estate taxes, state and local taxes, assessments, insurance expense, utilities, and security costs, competition from other properties, and federal or local economic or rent control.

Any of these factors may adversely affect the Company's results of operations and financial condition, the value of the Company's assets, and, consequently, the value of an investment in the Company.

The loans that the Company may make will be subject to the ability of its borrowers to generate net income from operating commercial properties, as well as the risks of delinquency and foreclosure. The Company may provide cash infusions intended to improve the prospects of underperforming properties that the Company believes would otherwise be suitable if properly capitalized. To the extent that any such cash infusions take the form of loans, the loans will be subject to risks of delinquency and risks of loss. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be adversely affected by many factors, including, but not limited to, the factors discussed above.

The loans that the Company may provide may be secured or unsecured by the underlying property. If the loan is unsecured, then the Company will have no recourse to take possession of

the property in the event of a default by the property owner. In transactions where the Company obtains a security interest in the property, no assurance can be given that such security interest will be properly perfected, or that the collateral's ultimate value will fully protect the Company's credit risk. In the event of any default under a mortgage loan held directly by the Company, the Company will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on the Company's cash flow from operations and limit amounts available for distribution to its Members. In the event of the bankruptcy of a mortgage loan borrower, the security provided by the collateral will be reviewed, and possibly, its value evaluated or interpreted, by a bankruptcy court in a manner that may be adverse to the Company. The process of foreclosure of a mortgage loan can be an expensive and lengthy, which could have a substantial negative effect on the Company's anticipated return on its subject loan.

The Company faces competition for suitable investments, which may negatively impact its investment returns. Due to the nature of the Company's business, its profitability will depend to a large degree upon the availability of suitable properties and interests therein that meet the Manager's investment criteria. The Company will also compete with other companies that may have greater financial resources or experience and, therefore, may be able to offer more attractive terms. Such competition could reduce the number of suitable opportunities willing to accept the Company's proposals, could cause the Company to pay higher prices for interests in properties than it otherwise would have paid, or may prevent the Company from purchasing a desired interest in a property at all. Each of these factors could adversely affect the returns the Company realizes from its investments.

The timing or success of the Company's exit and/or liquidity strategy for any given investment may be negatively affected by market conditions at that time. One of the factors that the Company considers when evaluating investment opportunities is the potential exit and/or liquidity strategy for its investments. Among the potential exit and/or liquidity strategies for any given investment may include disposition (i.e., sale) through the conventional real estate market, and/or a refinancing through traditional lending institutions. The Company's ability to successfully dispose of and/or refinance a particular investment will depend in part on market conditions at that time. If the Company must dispose of an investment at an inopportune time or under duress, the proceeds therefrom may be less than could be obtained under other circumstances. Moreover, should the Company opt to pursue refinancing of any given investment, there can be no guarantee that the Company will be able to access the capital markets on favorable terms, if at all. Decisions regarding the timing of disposition and/or refinance of some or all of the properties or interests in properties, as well as the terms and conditions under which they will be disposed of and/or refinanced, will be made by the Manager in its sole and absolute discretion. The Company's inability to successfully and profitably liquidate its investments could adversely affect its results of operations and financial condition with negative implications for the value of an investment in the Company.

The insurance coverage on the Company's investment properties may not protect against possible losses. The Company expects that the properties in which it invests will be covered by comprehensive liability, fire, extended coverage and rental loss insurance, at levels

that the Company expects to be adequate and comparable to coverage customarily obtained by owners of similar properties. However, the coverage limits of the Company's policies, or the limits of other insurance policies covering the investment properties, may be insufficient to cover the full cost of repair or replacement of all potential losses. Moreover, this level of coverage may not continue to be available in the future or, if available, may be available only at unacceptable cost or with unacceptable terms.

Additionally, there may be certain extraordinary losses, such as those resulting from civil unrest, terrorism or environmental contamination, which are not generally, or fully, insured against because they are either uninsurable or not economically insurable. For example, the properties may not be insured against losses as a result of environmental contamination. Should an uninsured or underinsured loss occur to a property, the Company could be required to use its own funds for restoration or lose all or part of its investment in, and anticipated revenues from, the property. In any event, the Company would continue to be obligated on any mortgage indebtedness on the property. Any loss could have a material adverse effect on the Company, the Company's ability to make distributions to its Preferred Members, and/or the Company's ability to pay amounts due on the Company's debt.

In addition, with regard to any policies owned by the Company, in most cases the Company will need to renew its insurance policies on an annual basis and negotiate acceptable terms for coverage, exposing the Company to the volatility of the insurance markets, including the possibility of rate increases. Any material increase in insurance rates or decrease in available coverage in the future could adversely affect its results of operations and financial condition with negative implications for the value of an investment in the Company.

The Company may be subject to liability under environmental laws, ordinances and regulations. Under various federal, state, and local laws, ordinances and regulations, and to the extent the Company owns any interests in properties directly and not indirectly through a limited liability entity, the Company may be considered an owner or operator of real properties responsible for paying for the disposal or treatment of hazardous or toxic substances released on or in the property, as well as certain other potential costs relating to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed on the Company whether or not it had knowledge of or responsibility for the presence of hazardous or toxic substances. The Company's efforts to identify and discover environmental liabilities with respect to properties it may acquire or to which it may provide lender financing may not be sufficient, notwithstanding its due diligence efforts including environmental audits designed to ensure that its portfolio will be in substantial compliance with federal, state and local environmental laws, ordinances and regulations regarding hazardous or toxic substances.

To the extent the Company is responsible for environmental liabilities, such could have a materially adverse effect on its results of operations and financial condition as well as jeopardize other investment assets in its portfolio, with negative implications for the value of an investment in the Company.

The Company may be unable to implement a restructuring of TIC interests it may acquire if any other remaining TIC interest holders withhold their consent. The Company may invest some of the Offering Proceeds in TIC interests in real property, and in some such cases, will attempt to work with the remaining TIC interest holders to restructure the TIC holdings. There are several general risks associated with owning TIC interests in real property, including, but not limited to, the fact that the consent of all TIC interest holders is required to approve the restructure of the TIC holdings or the sale, exchange or transfer of the subject property. If some or all of the remaining TIC interest holders withhold their consent to the Company's proposed restructure of the TIC holdings, the Company will be unable to restructure TIC holdings it may acquire, and therefore may be left holding illiquid TIC interests with limited or no ability to dispose of the asset on favorable terms or at all. The Company's inability to successfully restructure TIC holdings it may acquire could adversely affect its results of operations and financial condition with negative implications for the value of an investment in the Company.

The Company may purchase interests in real property directly, and not through separate limited liability entities. Generally, the Company will acquire its investment properties or interests in investment properties indirectly through limited liability entities. To the extent that the Company purchases properties or interests in real property directly, and not through separate limited liability entities, any liability of the Company relating to one investment property may be enforced against other assets of the Company, including other investment properties owned directly or indirectly by the Company. Such judgments may adversely affect the Company's results of operations and financial condition with negative implications for the value of an investment in the Company.

The Company may invest in interests in real property jointly with an unrelated third party. The Company may invest in interests in real property jointly with other parties, which may be affiliates of the Manager or the Company, or may be unrelated third parties. To the extent the Company invests jointly with an unrelated third party, such third party may not agree with the Company with regard to the management, operation or refinance of the property, or other aspects relating to the investment property, or concerning the method, timing or execution of an exit strategy for the investment property. In such event, the Company may be required to hold an investment with limited or no means to dispose of the asset on favorable terms or at all, which could adversely affect the Company's results of operations and financial condition with negative implications for the value of an investment in the Company.

Risks Relating to the Company

The Company is newly formed and, therefore, has no operating history on which to evaluate its prospects. The Company was formed on November 3, 2016 in order to invest in, own and operate, and/or provide financing for interests in commercial real estate as described in this Memorandum. Although the Manager and its affiliates have prior experience in real estate investment, the Company has no operating history by which a potential investor can evaluate the Company's prospects, and there can be no assurance that the Company will perform as expected or in a manner similar to any prior businesses affiliated with the Manager or its affiliates. Prior performance of the Manager or its affiliates is not necessarily indicative of the results that may

be experienced by the Company or by the Preferred Members with respect to an investment in the Units. Potential investors should be aware that by purchasing Units they will not acquire any ownership interest in any entities or investments owned or managed by the Manager or its affiliates. Investors should consider the Company's prospects in light of the risks, expenses and difficulties frequently encountered in a start-up business and in the commercial real estate investment.

The Company's business plan and operations, especially in its first six months, depends upon the success of the Offering. The Company has insufficient cash to operate without Offering Proceeds. The Company must receive the maximum proceeds of this Offering to make diversified investments and to execute its business plan. There is presently no firm commitment to purchase any Units in this Offering and there can be no assurance that the Company will be able to sell all or any of the Units.

If the Company is able to generate $100,000,000 from this Offering, the Company believes that it will have sufficient cash and cash equivalents, to support its projected operating and investing needs for the next 36 months. Thereafter, the Company intends to finance its operations through revenues, cash flow and debt. However, if the Company has limited revenues from operations, the Company may need to scale back its business plan and not be able to adequately diversify its investment portfolio.

Alternatively, the Company may be required to obtain additional working capital through additional sales of its Units, through debt financing(s) or otherwise. To the extent the Company raises additional capital by issuing additional Units through subsequent offerings, the Members participating in this Offering will experience dilution.

Members must rely on the Manager's decisions with regard to evaluation and management of properties and loans in the investment portfolio. Except as otherwise set forth in the Operating Agreement, the Manager will have the sole right to make all decisions with respect to the management of the Company and the investments of the Company. The Preferred Members will have no opportunity to evaluate the specific properties that will be financed with the Offering Proceeds, and will have no rights to participate in the management of such properties after they are acquired by the Company. No persons should purchase Units unless they are willing to entrust all aspects of the management of the Company and the investment properties to the Manager.

Preferred Members did not organize the Company. Preferred Members in the Company were not involved in the organization of the Company and had no voice in the terms of the Operating Agreement. These terms were determined by the Manager and the Initial Member, which are affiliates, and were not the result of arm′s-length negotiations.

The ability of Preferred Members to remove the Company's Manager is dependent on the consent of the Common Member(s). Under the Operating Agreement, the Manager may be removed for fraud, willful misconduct, or material violation of the provisions of the Operating Agreement, or otherwise, by the consent of more than one-half of the aggregate Percentage Interests held by all Preferred Members and Common Member(s) together. The sole Common

Member owns 100% of the common interests of the Company, which will represent 50% of the Company's total Percentage Interests after the Offering, and is an affiliate of the Manager. Accordingly, the ability of purchasers of Units in this Offering to remove a Manager is limited, and only may be accomplished with the consent of an affiliate of the Manager pursuant to Section 5.3.2 of the Company's Operating Agreement.

The Preferred Members do not have the ability to appoint a successor Manager, in the event the Manager resigns or is removed. Under Section 5.2.2 of the Company's Operating Agreement, in the event of the resignation or removal of the Manager, the right to designate a successor manager is vested in the Common Member(s). The sole Common Member is an affiliate of the Company's Manager. There can be no assurance that, in the event there is a need to appoint a successor manager, that such successor manager will be acceptable to the Preferred Members.

The Company's success is dependent upon the retention of key parties. The Company's success is largely dependent upon the personal efforts and abilities of the Manager and Quynh Palomino, who will make virtually all decisions with respect to the management and operation of the Company's business, including, without limitation, the power to negotiate and sign agreements, instruments, and documents on behalf of the Company. In addition, the Company is dependent upon the continued services of Versant Commercial Brokerage, Inc. which is an affiliate of both the Manager and Palomino. The Company is not currently a beneficiary of any key man insurance policy. The Company does not have contracts with any of these key parties. The Company cannot be certain that any of these entities or their current key personnel, or Quynh Palomino, will continue in their respective capacities for any particular period of time. The loss of any of the foregoing parties could have a material adverse effect on the operations and financial condition of the Company.

The Manager has the sole discretion to borrow funds, if needed. The Manager has sole discretion to permit the Company to borrow funds and grant security interests in the Company's assets. Such borrowings and grants will generally be entered for the primary purposes of: (i) paying operating expenses, taxes or other obligations the Company is permitted to pay per its Operating Agreement; (ii) investing in portfolio properties; or (iii) paying Interest Holders' Priority Returns and to repay all or any portion of the Interest Holders' Unreturned Capital Contributions. Such borrowings can be made without the consent of the Members and could have a superior liquidation preference to those of the Interest Holders. In the event the Company borrows funds, the Company may become subject to restrictive covenants on its on-going activities. Borrowed funds could negatively impact the Company or its Preferred Members if any proceeds thereof are advanced to poorly performing properties, or if the Company fails to remain in compliance with, or otherwise is in default of, a loan agreement resulting in penalties or other adverse actions that could reduce Member Distributions. Further, the Company does not know whether additional debt or equity financing will be available if needed, or on terms favorable to the Company, particularly if adverse economic conditions arise restricting the availability of credit, and other sources of capital.

The Company's Manager, its members and affiliates, have various conflicts of interest in their dealings with the Company The Company's Manager, its members and affiliates, have

various conflicts of interest in their dealings with the Company. For example, Quynh Palomino, the sole member of the Manager of the Company, also serves in the following capacities for affiliated entities, some of which will be entitled to compensation from the Company: (a) majority member of the Company's Initial Member, Virtua Partners LLC (which will own 50% of the Company's outstanding equity after the Offering); (b) majority stockholder, director, Chief Financial Officer and Secretary of Versant; and (c) sole owner of Clear Vista Management, LLC ("Clear Vista"). The Manager will be entitled to a Management Fee for managing the Company, Versant will be entitled to real estate placement fees and real estate brokerage commissions, and Clear Vista may be entitled to property management fees. None of these arrangements were the result of arm's-length negotiations involving independent representatives of the Company.

Further, the Manager is currently engaged with other projects, and is not precluded from becoming involved in other businesses or ventures, that may or may not compete or be in conflict with the Company. A conflict of interest could arise with respect to the Manager's fiduciary duty owed to the Company and any company sponsored and/or managed by the Manager with respect to opportunities presented for investment and the availability of eligible investment opportunities. Generally, given the Manager's fiduciary duties to the Company, the Manager is restricted from taking for itself, or for its affiliates, a business opportunity that can benefit the Company. However, this restriction is expressly waived by the Manager and each Unit Holder per Section 5.6 of the Operating Agreement. In addition, the Company may co-invest in Projects with other companies and parties with which the Manager has extensive contacts that are engaged in the business similar to that of the Company. Such situations, among others, may give rise to conflicts of interest in which the interests of the Manager and such other parties may conflict with those of the Company. There is no assurance that the Company or its Members will not be adversely affected by these or any other conflicts.

The Manager is not required to devote its full time and attention to the business of the Company. Per Section 5.4 of the Operating Agreement, the Manager is not required to devote its full time and attention to the Company's affairs, but only such time as the Manager determines, in the exercise of its reasonable judgment, to be necessary for the effective conduct of the Company business. In addition to serving as Manager of the Company, the Manager also serves as manager for two affiliates of the Company, Virtua High Growth Fund, LLC and Virtua High Growth Fund II, LLC. Further, the managers and members of the Manager may engage, and are currently engaging for their own account and for the account of others, in other business ventures, and may hereafter engage in the formation of other ventures similar to the Company, some of which are already in the planning stage. The Manager also may serve in the future as manager for other limited liability companies, general partners for other limited partnerships and/or joint ventures that are unaffiliated with the Company. Such other ventures may compete with the Company for the time of the Manager, its members and managers. The Manager, its members and its managers will endeavor to allocate time and management attention equitably between the Company and all of their other ventures, and will determine the allocation of time on an as-needed basis, in their discretion and based on their judgment. However, such allocations of time could be insufficient, and, as a consequence, may adversely affect the Company's results of operations.

The Company's term of existence is short. Per Section 1.4 of the Operating Agreement, the term of the Company will end on December 31, 2019, subject to extension, in the Manager's discretion, for (a) two additional one year periods following that date, if reasonably necessary to allow for the disposition of Company portfolio assets, or (b) a period necessary to comply with any applicable covenants or restrictions contained in loan agreements or other binding obligations to which the Company or the Projects are subject. The Company may, in the discretion of the Manager, terminate earlier than the full term upon certain events described in the Company's Operating Agreement. Accordingly, the Company may not be able to accomplish the goals set forth in its business plan during the period it is in operation.

Members will not be provided with audited financial statements at any time. The Company's Operating Agreement does not obligate the Company to provide its members with audited financial statements at any time. Per Section 4.6 of the Operating Agreement, the Company is required to provide the following financial statements to its Members: (1) an unaudited annual report of the Company within 90 days after the end of each fiscal year; and (2) an unaudited quarterly report, including interim operating statements, within 45 days of the end of each quarter, as well as descriptions of new acquisitions and dispositions. These statements will be prepared by the Manager, and will not be audited, reviewed, or prepared by independent accountants. Accordingly, while the Manager believes that the unaudited financial statements will fairly and accurately represent the financial condition and results of operations of the Company, there will be no independent review or testing of the Company's accounting practices and procedures, and no independent opinion will be given with respect to the Company's compliance with generally accepted accounting principles. Accordingly, there can be no assurance that the unaudited financial statements to be provided to Members will be substantially similar to statements completed on an audited basis.

Risks Relating to the Offering and the Units

The Offering Price of the Units should not be relied upon as an indication of their realizable value. The Offering price of the Units was determined by the Manager without any arm's length negotiations, and based on factors that the Manager alone deemed relevant. The offering price of the Units should not be regarded as an indication of the realizable value of the Units. No assurance is or can be given that any Unit, if transferable in the future, can be sold for the Offering price or for any amount.

There will be no escrow of Subscription Funds in the Offering. The Offering Proceeds may be used immediately by the Company as and when subscriptions are accepted by the Company. Funds will not be escrowed or placed in a separate account, but will be deposited in the Company's bank account, and will, therefore, immediately become subject to the claims of the Company's creditors. If the Company does not raise sufficient funds to carry out its business plan, all or part of the investors' funds may be lost.

Banking and FDIC Insured Bank Accounts. The Offering Proceeds and cash from operations are or will be deposited in bank accounts insured by the Federal Deposit Insurance

Corporation ("FDIC"). The Company's interest-bearing account deposits are FDIC insured up to $250,000 and accounts with balances over $250,000 will not have complete FDIC protection. Furthermore, because the Company's ongoing operations and capacity to invest is dependent on daily access to cash in its deposit accounts, investors will have a significant risk of loss if the Company's bank or banks cease(s) operations and the FDIC delays or fails to make cash available to the Company.

The Company and its Manager have discretion over the Uses of Offering Proceeds. The Company and its Manager have significant flexibility in applying the net proceeds of this Offering to operate the Company, make investments and otherwise pay the Company's obligations and protect its interests. The anticipated uses of the Offering Proceeds are set forth in the Memorandum under "*Estimated Use of Proceeds*," however, the actual uses, amounts and timing of expenditures of the Offering Proceeds may vary significantly as a result of a number of factors. These factors include the amount of proceeds actually received in the Offering, the timing and availability of suitable portfolio investment opportunities, and the costs associated with Company operations. No persons should purchase Units unless they are willing to rely exclusively on the Manager to make decisions with respect to the use of the net proceeds of this Offering.

Because this is a blind pool offering, investors will not have an opportunity to evaluate each or any of the Company's prospective investments before they are made, which, in turn, makes an investment in the Units more speculative. As of the date of this Memorandum, the Company has not yet acquired or determined to acquire any specific interests in commercial real estate with the Offering proceeds. As a result, investors in the Offering will be unable to evaluate any prospective properties or extensions of credit in which the net proceeds may be invested nor the economic merits of any prospective addition to or exit from any portion of the Company's portfolio before capital is irrevocably committed thereto. Additionally, investors will not have the opportunity to evaluate the transaction terms or other financial or operational data concerning the Company's particular investments, or to influence the Company's investment policies. Although investors are solely reliant on the Company's Manager to evaluate and execute investment opportunities, the Company may not be able to achieve its investment objectives, or may make decisions that ultimately prove to be unprofitable or not in the Company's best interest. Further, the Company cannot assure investors that the properties or interests in properties ultimately purchased will appreciate in value over time or will be profitably sold.

Preferred Members will have no right to use any of the properties. Preferred Members will have no right to use, occupy or seek partition of, any part of any of the properties or interests in properties in which the Company invests, nor may any purchaser of Units encumber any part of any such properties or interests.

After the Offering, it may take time for the Company to deploy capital for the purchase of the investment properties and security interests it deems suitable, which may adversely affect the overall investment return to the Interest Holders. There may be a delay between the time Units are sold and the time the Offering Proceeds may be suitably invested. There can be no assurance that the Company will be able to identify or negotiate acceptable terms for the

acquisition of any property or interest in property that meets the Company's investment criteria, or that the Company will be able to acquire any such property or interest on favorable terms. During these periods, undeployed Offering Proceeds may be placed in short-term certificates of deposit, money-market funds, other liquid assets, or non-interest bearing checking accounts, at the Manager's discretion. The combined yield of such liquid investments are not expected to reach the anticipated return on investment in real estate or real estate security interests. Such delays may adversely affect the overall investment return realized by the Interest Holders.

The Company may not be able to diversify its portfolio effectively during the Offering period, and still may not be able to adequately diversify its portfolio once the Offering is complete. While selling Units in the Offering, the Company will not have the maximum amount of investment capital available to invest in portfolio properties. Therefore, while the Company is still selling Units, the Company may be invested in only a few properties. Until such time as all offered Units have been sold and invested, the Company's return performance could be at a greater risk adversely impacted if one or a few of the properties were to fail to perform as expected due to a higher concentration of the portfolio at this early post formation stage.

After the Units have been sold and the Offering is complete, the Company intends to ameliorate risk by developing a diversified portfolio of properties or interests in properties. However, there can be no guarantee that the Company will be able to purchase a sufficient number of properties or interests to adequately mitigate its investment risk. The Company's performance may be adversely affected if one or more investments that makes up a significant percentage of the Company's portfolio fail to perform as expected.

The Units are subject to severe restrictions with respect to their resale, there is no market for the Units and none is expected to develop as a result of this Offering. There is no public market for the Units and none is expected to develop in the future. Even if a potential buyer could be found, the transferability of Units is restricted by the applicable provisions of the Securities Act, state securities laws or foreign securities laws and the provisions of the Operating Agreement and Subscription Agreement. Except under limited circumstances, any sale or transfer of Units requires the prior written consent of the Manager, which consent may be withheld in its sole discretion. Further, investors will have no rights to withdraw from the Company or to otherwise obtain the return of their invested capital. Therefore, all purchasers of Units must be capable of bearing the economic risks of this investment with the understanding that their Interest in the Company may not be liquidated by resale, and that they should expect to hold their Units until expiration of the term of the Company, expected to occur no earlier than 36 months from the date of this Memorandum. Investors will not be able to liquidate their investments in the Units, or use the Units as collateral, for any reason. Therefore, investors should consider a purchase of the Units as a long-term investment only.

Returns are not guaranteed and the Company may not receive sufficient cash to make Distributions. The Priority Returns are neither a fixed return on investment, nor are they a guaranty of a certain return on Preferred Members' Capital Contributions. Preferred Members will have priority of with respect to certain distributions as described in Section 4.3 of the Operating Agreement, but not with respect to tax distributions as described in Section 4.4

therein. Preferred Members will also have liquidation preference consistent with the provisions of Section 4.3 of the Operating Agreement. The Company will use the Offering Proceeds to invest in commercial real property interests, pay the Manager its annual Management Fee for managing the Company, pay the real estate placement fee to Versant, pay brokerage fees to its third party FINRA registered broker-dealer and other transaction-related expenses, if any. Thereafter, the Company will use the proceeds generated from operations to fund additional investments, pay the accrued management and other fees, if any, and make Member Distributions. Although the Company believes it will eventually be able to make distributions to its Preferred Members, it cannot provide any assurance that it will receive sufficient proceeds to be able to make any such distributions, in whole or in part, to pay the Accrued Annual Priority Returns, or to repay the Unreturned Capital Contributions of the Preferred Members. Further, as provided per Articles III through V of the Operating Agreement, the Company could use the Offering Proceeds to pay the Accrued Annual Priority Returns or to repay the Unreturned Capital Contributions of the Preferred Members, thus diminishing the amount of Offering Proceeds available for investment in commercial real property interests.

The Manager may distribute additional amounts to Members (including the Manager, if a Member) to cover tax obligations if there is Available Cash for such distributions and such distributions are allowable by law, where tax on such deemed income exceeds a Member's total Member Distributions. To the extent an earlier tax distribution is made to the Common Member(s), amounts available for subsequent Member Distributions to the Preferred Members could be adversely affected if later portfolio returns do not provide sufficient cash to pay the Preferred Members their accrued Priority Returns and repay the amount of their Unreturned Capital Contributions.

Determination of Fair Value(s) is in the discretion of the Company's Manager. Pursuant to Section 3.4.2 of the Operating Agreement, assets of the Company will be valued at Book Value, which is to be based on their respective gross fair market values as determined by the Manager. Fair value is typically determined as the value exchanged between a willing buyer and seller. However, the fair value of real estate assets acquired by the Company may not be readily determined given their inherent illiquidity especially in situations in which the Company may acquire them or be required to dispose of them under duress of at least one of the parties to the applicable transaction. Consequently, fair value is an indeterminate concept. An affiliate of the Manager will own at least 50% of Membership Interests upon the closing of this Offering. There can be no assurance that the Manager will not determine the fair value of one or more of the Company's assets to be different than one or more of the Company's Preferred and non-affiliated Members which may have negative or adverse economic or tax consequences for the non-affiliated Member(s) relative to the affiliated Member(s).

The Memorandum was prepared without independent due diligence. No independent legal counsel, accountant or financial advisor has passed upon, assumed any responsibility for, or independently verified or investigated in any way the accuracy, completeness, or fairness of the information contained in this Memorandum and any accompanying materials provided herewith. Accordingly, any prospective investor considering an investment in the Units should make an investment decision only after such prospective investor and his, her, or its legal, accounting, and

tax advisors have conducted an independent review of this investment opportunity and its suitability for such prospective investor.

The Company is not providing any tax advice regarding owning Units. This Memorandum is not intended to and does not provide potential investors with advice related to how the purchase, ownership and disposition of Units in the Company will be treated for federal or state income tax purposes. The Company urges potential investors to consult with their tax advisor for a detailed explanation of how their respective individual tax-related issues might affect an investment in Units.

Members may have tax liabilities in years when they may not receive cash in the form of distributions from the Company to pay that tax. The Company, which is a limited liability company, is taxed as a partnership with the result that the Members, rather than the Company, will be taxed on the Company's recognized income and gain. Members may face this tax liability even in the absence of cash distributions and may have taxable income and tax liability arising from their investment in the Company in years when they receive no cash distributions from the Company. Pursuant to Section 4.4 of the Company's Operating Agreement, the Manager may make distributions to Members to cover all or any portion of a Member's estimated tax liability, in an amount which, in the discretion of the Manager, equals the Tax Rate multiplied by the excess of cumulative Profits and items of income or gain allocated to such Member from the Company's inception over cumulative Losses and items of expense or loss allocated to such Member from the Company's inception. Such distributions are not to be made more often than on a quarterly basis, and will only be made to the extent there is Available Cash and to the extent such distributions are allowable by law. Although the Manager may make these distributions, they are in the Manager's sole discretion, and there is no guarantee that any such distributions will be made at all.

Liability of Preferred Members. Provided that the Preferred Members comply with the provisions of the Operating Agreement, the Preferred Members should not be liable to the Company for amounts in excess of their original Capital Contributions. However, under the LLC Act, a Member will be liable to the Company for a period of six years following any distribution to the extent the distribution was made in violation of the Arizona Limited Liability Company Act (the "LLC Act"). It is a violation of the LLC Act for a member to receive a distribution if, after giving effect to the distribution, all liabilities of the Company, other than liabilities to the members on account of their investment in the Company, exceed the fair value of Company assets.

There is no assurance of confidentiality. It is the Company's policy to use information provided by each Member exclusively for the purposes of tracking that Member's investments, reporting investment progress to that Member, and to comply with state and federal law. Investors should be aware that the Company will receive significant amounts of information about its investors that may become available to other members, third parties who have dealings with the Company, and governmental authorities under applicable law. Investors that are highly sensitive to such issues should consider taking steps to mitigate the impact of such disclosures, such as by investing in the Units through an intermediary entity.

This Offering is not registered with the SEC and is being made pursuant to certain exemptions from state and federal registration requirements. Although the Company will receive representations and warranties from Investors to ensure compliance with such exemptions from registration and other matters, if it is later determined that this Offering did not fully comply with state or federal law, particularly with the provision of Section 506(c) of Regulation D of the Securities Act that all Members be accredited investors as defined in Section 501 thereof, the Company may be required to refund to a Member his or her investment, which refund would result in a reduction in the amount of operating capital available to the Company and could impair the ability of the Company to operate as planned. The Company might be required to liquidate, with potential economic loss and tax risks to the remaining Members.

Prospective investors are not represented by Company legal counsel. The Company has not been represented by legal counsel for its organization and dealings that is independent of the Manager. In addition, the attorneys who have performed services for the Company and Manager have also represented Virtua Partners LLC, and their respective principals and affiliates, but have not represented the interests of the prospective investors. By executing the Subscription Documents, each Investor will agree to waive any conflict of interest that may exist as a result of such representation. *See* "*Conflicts of Interest*".

There is no guarantee of future results notwithstanding the usage of forward-looking statements which may be considered predictive in this Memorandum. This Memorandum contains forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are only predictions and generally can be identified by the use of statements that include phrases such as "believe," "expect," "anticipate," "estimate," "intend," "plan," "foresee," "project," "maybe," "predict," "will be", "can be", "should be", or the negative thereof or other similar words or phrases. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statements. These factors include, among other things, those listed under "*Risk Factors*" and elsewhere in this Memorandum. These forward-looking statements are made only as of the date of this Memorandum and the Company undertakes no obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances. The Company cannot assure future results, levels of activity, performance or achievements.

BUSINESS OF THE COMPANY

Virtua High Growth Fund III, LLC, an Arizona limited liability company, intends to invest in, own and operate, and/or provide financing for, interests in commercial real estate around the United States. The Company's primary goal is to maximize growth of cash flows and the value of its Members' Interests.

Summary of Investment Objective and Investment Strategy.

The Company's investment objectives are to provide returns for its Members by acquiring fractional or TIC interests, investing in or recapitalizing distressed properties, underperforming assets and value-add opportunities, and providing rescue capital or loans in select situations in which the Company believes high growth with suitable risk is offered. Investment properties are expected to be located throughout the United States.

The Company's investment capital will be deployed on a case-by-case basis at various times during the term of its operations as suitable opportunities, as deemed by its Manager, become available.

Fractional Ownership or TIC Investment Liquidity

One of the Company's prime opportunities is the acquisition of fractional ownership of undivided, or tenant-in-common ("TIC"), interests in real property. Real estate investment through the acquisition of TIC interests gained popularity in the mid-2000s.

Post-2008 real estate market dynamics in the United States left many investors holding their TIC interests longer than expected or desired. Such illiquidity, when combined with often excessive fees, sub-optimal management, infrequent communication, and, in the view of the Company, a substantially improved real estate market, have combined to cause investors to seek a means to divest themselves of their TIC holdings.

The Company intends to utilize the experience of its Manager's principal, Quynh Palomino, as well as the expertise of its affiliates, such as Versant Commercial Brokerage, Inc., to evaluate and identify opportune TIC investments.

Distressed or Underperforming Properties

The Company also will seek other assets that the Company believes are performing below market levels. Such properties, assets or investments may be characterized by a number of factors including unstable occupancy and insufficient income to cover associated expenses including maintenance, tenant improvements and leasing incentives and commissions. Similarly, the Company may provide cash infusions to projects its Manager deems suitable that may have inconvenient lease expirations or inopportune but imminent loan maturities with respect to borrowers. The terms of each respective financing to which the Company may agree to provide will be in the Manager's sole discretion, including whether they are secured or unsecured by the

underlying property, whether they take the form of mezzanine financing, a promissory note, a preferred equity investment or other equity investment, and whether they are made solely by the Company, jointly with an affiliate, or jointly with unrelated third parties. The Company believes that having an ability to bring necessary capital to improve the prospects of undercapitalized properties its Manager deems suitable may enable the Company to obtain real estate interests or lend on favorable terms.

Value-add Services Opportunities

The Company may also acquire interests in stabilized assets that the Company's Manager believes present sufficient opportunity for performance optimization. The Company will take steps to reduce operating expenses, promote greater occupancy levels, and control or eliminate previously excessive management fees in an effort to improve economic performance and overall value of properties, investments or loans it may acquire.

Evaluation Methodology.

The Company believes that it benefits from the considerable expertise and robust network of its principal consultant for real estate investments and principal real estate broker, Versant Commercial Brokerage, Inc., a California corporation ("Versant"), to identify and evaluate potential investment opportunities. Versant's majority-owner is Quynh Palomino, making, by definition, Versant an affiliate of the Company.

Utilizing Versant's database and opportunity monitoring capabilities, the Company expects to be able to identify particular TIC and other real property interest holders that are seeking liquidity and/or capital infusions. In some cases, the Company may become aware of distressed properties not only from investors but also lending institutions, tenants, and other sources.

The Company intends to consider the following factors, among others, in evaluating potential investment opportunities: market trends; liquidity discount; property valuation; rent roll; discounted cash flow; operating costs; occupancy trends; lease rate growth; stabilization goals; the anticipated term for an investment in a property (which may range from a few weeks to over 36 months, with an expected average time between 18 to 24 months); and the potential capital for monetization or liquidation of its investments.

Management of the Assets.

The Company expects that at least some of, and possibly all of, the properties or interests in properties acquired by the Company will be managed by Clear Vista Management, LLC ("Clear Vista"), a real estate asset management company wholly owned by Quynh Palomino, or by unrelated third party asset management companies.

Asset Monetization and Liquidation.

As a fund of limited duration, the Company has identified several potential sources of monetization for its portfolio assets. The potential exit and/or liquidity strategy is a factor considered when the Company evaluates each respective investment opportunity. Among the potential exit and/or liquidity strategies for a particular asset are disposition through the conventional real estate market, and/or refinancing through traditional lending institutions. In addition, whole and partial interests may be sold to investors seeking stabilized interests and long-term fixed income. Such investors include hedge and private equity funds, insurance companies, and family offices. Alternatively, through the Manager's principal and Versant, the Company has access to a network of other stabilized income funds.

Distributions to Preferred Members.

When the Company receives capital from the disposition of, or income produced by, a particular Project, any Available Cash (as defined below) may, in the discretion of the Manager, be reinvested by the Company, or be periodically distributed to the Company's Members as Member Distributions ("Member Distributions"). "Available Cash" is defined in Section 1.6 of the Company's Operating Agreement as the excess cash and cash equivalents over the amount needed, in the Manager's discretion, to service the Company's debts and obligations, maintain adequate capital and reserves, and conduct the Company's business.

The Company will make no regular distributions to Preferred Members. It is in the Manager's discretion as to whether, and if so, when, to make Member Distributions, and the decision will depend on whether Available Cash for distribution has been received since any previous Member Distribution. The period until the first Member Distribution, and each period between Member Distributions thereafter, may be respectively referred to as a "Member Distribution Period." There is no guarantee that all Accrued Annual Priority Returns, or any amount, will be distributed at the end of any Member Distribution Period. Except as noted in the paragraph below concerning distributions to cover certain tax liabilities, Member Distributions will be paid, per Section 4.3 of the Operating Agreement, as follows:

1. First, 100% to the Preferred Members *pro rata*, for any given distribution period, in an amount equal to the ratio of their unpaid Accrued Annual Priority Returns;

2. Second, if there remains cash available for distribution, Member Distributions will be made to the Preferred Members *pro rata* in the amount of their Unreturned Capital Contributions until the Preferred Members' Capital Contributions are repaid in full or there are no further Member Distributions available, whichever occurs first; and

3. After all Preferred Members' unpaid Accrued Annual Priority Returns have been paid and all Preferred Members' Capital Contributions have been repaid, then Preferred Members will be distributed 50%, *pro rata,* and the Common

Member(s) will be distributed 50%, *pro rata,* of the remaining Member Distributions that may come available, until there are no further Member Distributions available.

4. The calculations made under the immediately preceding paragraph 3, however, will credit the Common Member(s) as having already received [and applied to its Member Distributions otherwise to be received by the Common Member(s) pursuant to the preceding paragraph 3] an amount equal to a "Pro Rata Amount" (as further defined in this paragraph 4) of any profit distributions received by any entity owned 100%, directly or indirectly (i.e. as a subsidiary), by Quynh Palomino or Lloyd W. Kendall Jr., or by them jointly (each, an "Affiliate Development Entity"), in which the Company has invested Company cash for the purpose of funding the acquisition and potential development of, or investment in, commercial real estate (each, an "Affiliate Development Funding Investment"). Such credit will only be given for profit distributions, and will not apply to any fees for services rendered by any Affiliate Development Entities or any other entities. Such credit will not apply, for example, to any brokerage fees received by Versant Commercial Brokerage, Inc. for brokerage services paid to it by any such Affiliate Development Entity. The Pro Rata Amount will be determined by applying a percentage to such distributions received by the Affiliate Development Entity equal to the amount of the Affiliate Development Funding Investment divided by the total amount of all capital invested or contributed by all parties in the relevant Affiliate Development Entity. In no event will application of the credit provided by this paragraph 4 result in a negative amount owed by Common Member(s) to Company or Preferred Members.

In general, Member Distributions to Preferred Members will be made in preference to any distributions to the Common Member(s). However, per Section 4.4 of the Operating Agreement, the Company is allowed to disregard this Preferred Members' preference when making a distribution to any Interest Holder, including both the Preferred Members and the Common Member(s), to cover all or any portion of a tax liability of such Interest Holders. Accordingly, Common Member(s) may receive distributions to cover their tax liability prior to any Preferred Members receiving distributions for their Accrued Annual Priority Returns or repayment of their Unreturned Capital Contributions.

The amount of distributions to cover tax liabilities is in the discretion of the Manager, and equals the Tax Rate multiplied by the excess of cumulative Profits and items of income or gain allocated to such Member from the Company's inception over cumulative Losses and items of expense or loss allocated to such Member from the Company's inception. Distributions to cover tax liabilities are not to be made more often than on a quarterly basis, and will only be made to the extent there is Available Cash and to the extent such distributions are allowable by law. Distributions, if any, made in this manner will be taken into account in calculating subsequent Member Distributions so that in the aggregate, all distributions to the Interest Holders are divided among the Interest Holders in the manner they would have been divided without this provision.

Accrued Annual Priority Returns are not guarantees of payment, an interest rate, or a return on investment but, rather, a formula by which the amount the Company may distribute to a Preferred Member in excess of the repayment of the Preferred Member's Capital Contribution is determined. Any such distributions are contingent on the Company having sufficient Available Cash for distribution from its business. There is no guarantee that Preferred Members will receive all or any part of their Accrued Annual Priority Returns or the return of their Unreturned Capital Contributions.

Per Section 4.1 of the Company's Operating Agreement, Accrued Annual Priority Returns are calculated using a return percentage of 15% on Preferred Members' Unreturned Capital Contributions, calculated on an annual, cumulative, non-compounded basis ("Priority Return Percentage"). The Manager determines the Accrued Annual Priority Return prior to each Member Distribution Period by adding the increase in Accrued Annual Priority Returns during the current Member Distribution Period to the next previous Member Distribution Periods' Accrued Annual Priority Return determination. The increase in Accrued Annual Priority Return for a given Member Distribution Period is arrived at by multiplying the dollar amount of a Unit Holder's Unreturned Capital Contribution by the Priority Return Percentage after it has been reduced to a per diem percentage, times the number of days in the Member Distribution Period, including only the days within the Member Distribution Period that are after the Unit Holder's Capital Contribution has been accepted by the Company.

At the time the Company elects to wind up its affairs and, after the payment of all expenses of the liquidation, payment of the Company's debts, plus the establishment of reserves the Manager determines to be necessary or appropriate for actual or contingent liabilities or obligations of the Company, all remaining amounts will be distributed to the Members in the manner previously set forth.

THE MANAGER AND ITS AFFILIATES

The Manager will manage and direct the affairs of the Company. The Preferred Members will have limited voting rights or control over the day-to-day operations of the Company.

The Manager

VHGF Management, LLC, an Arizona limited liability company, serves as the Manager of the Company. The Manager was organized in 2014 to serve as the manager for the Company's affiliated funds. The Manager currently manages two of the Company's affiliates, Virtua High Growth Fund, LLC and Virtua High Growth Fund II, LLC. The Manager will also manage the day-to-day operations of the Company. In this role, the Manager is principally responsible for developing the Company's investment strategy, evaluating opportunities and making investment decisions. The Manager's sole member, Quynh ("Quinn") Palomino, manages its activities. The Manager will utilize the services of Ms. Palomino and its affiliates in performing its duties to the Company.

The Manager also may serve, in the future, as manager for other limited liability companies, general partners for other limited partnerships and/or participant in joint ventures. The business of these other entities may or may not compete with the Company's business.

Affiliates of the Manager.

Quynh Palomino – Quynh Palomino, the Manager's sole member, is the founder and principal of Clear Vista, which provides specialized services to TIC and other real estate investors, including asset management. She has served in this capacity since January 2014. Before launching Clear Vista Management, LLC, Ms. Palomino was the Director of Business Development for Breakwater Equity Partners LLC, where she worked on more than $2 billion of TIC investments. Prior to Breakwater, Ms. Palomino was a partner at a San Diego based construction and development company, where she worked on development projects with government agencies, including the California Department of Parks and Recreation and the City of Pittsburg, California Redevelopment Agency.

In addition, Ms. Palomino serves in the following capacities for the Company's affiliates: sole member of the Company's Manager; majority member and co-manager of Virtua Partners; and majority shareholder, director, Chief Financial Officer and Secretary of Versant. *See "Conflicts of Interest."*

Virtua Partners LLC – Virtua Partners LLC ("Virtua Partners") is the Company's Initial Member and its sole Common Member. It is an Arizona limited liability company, organized on March 19, 2014. Virtua Partners' majority owner is Quynh Palomino and its minority owner is Lloyd W. Kendall, Jr., Inc., a California corporation. Virtua Partners is co-managed by Ms. Palomino and Lloyd W. Kendall, Jr.

Ms. Palomino's experience is described above. Mr. Kendall is a lawyer, practicing in the Bay Area since 1978 and specializing in real estate and tax law. His specialty is tax free exchanges and related areas of law. He received much of his tax law education through his employment with the U.S. Treasury Department, Internal Revenue Service. Mr. Kendall formed and owned Lawyers Asset Management, Inc. acting as "Qualified Intermediary" for tax free exchanges under Section 1031(a) of the Internal Revenue Code, until 2006, when his company merged with Commercial Capital Bank. He also served as tax counsel for several title companies and was the President of Equity Investment Exchange, Inc., a competitor owned by Mercury Title Companies of Colorado. He has lectured extensively throughout the United States providing continuing education for lawyers and realtors. Mr. Kendall has been investing in real estate since the 1970s. Mr. Kendall was an initial organizer and director of Bay Commercial Bank and has served as its chairman since 2004. In addition, Mr. Kendall is a minority member of Versant.

Versant Commercial Brokerage, Inc. – Versant Commercial Brokerage, Inc. ("Versant") is a California corporation specializing in real estate investment and finance, and serves as the Company's principal consultant for real estate investments and principal real estate broker. Drawing on its principals' extensive experience in commercial real estate and TIC funds, Versant provides feasibility analysis and financial structuring services to its clients. Versant has advised on more than $3 billion in commercial real estate transactions since 2014.

Versant's majority owner is Quynh Palomino and its minority owner is Lloyd W. Kendall, Jr. Ms. Palomino also serves on Versant's Board of Directors and as Versant's Chief Financial Officer and Secretary. Mr. Kendall also serves on Versant's Board of Directors and as Versant's Assistant Secretary. Versant's president is Matthew Mueller. Mr. Mueller recently implemented the financial analysis, debt and equity capital sourcing, and financial modeling for more than $500 million in real estate recapitalization projects. Mr. Mueller will not be involved in the Company's day-to-day management.

Compensation to the Manager and its Affiliates.

Following is a brief description of the compensation that may be paid to the Manager and its affiliates in connection with the formation and operation of the Company's business.

For a more extended and detailed discussion of these topics, as well as conflicts of interests that may be reasonably expected to arise therefrom, please see Exhibit C of this Memorandum.

Form of Compensation	**Payee**	**Description**
Annual Management Fee	VHGF Management, LLC	Two percent (2%) of the Company's Assets Under Management (defined as total Offering Proceeds less organization and Offering expenses), calculated on the last day of each calendar month at the rate of 0.167% of Assets Under Management at the close of business on the

Form of Compensation	Payee	Description
		last day of each such month, and paid within ten (10) days thereafter.
Transaction Placement Fee	Versant Commercial Brokerage, Inc.	Three percent (3%) of the amount invested by the Company in each Project or Project Entity Interest, by or through the efforts of Versant, calculated without inclusion of allocated leverage on the Project or the property underlying the Project Entity Interest, and paid at the closing of the investment transaction.
Real Estate Brokerage Commission	Versant Commercial Brokerage, Inc.	To the extent the Company's investment in a Project is comprised of a direct acquisition of real estate, Versant may also receive a real estate brokerage commission. Any such commission will be at standard industry rates, and paid at the closing of the acquisition transaction.
Asset Management Fees	Clear Vista Management, LLC	Market rate fees for asset management and/or property management services provided for the properties or interests in properties in which the Company invests. Fees will be based on asset, tenancy and market of the property, and will be paid by the property owners directly to Clear Vista (not by the Company).
Guarantee Fee	Virtua Partners LLC	One percent (1%) of loan amount for any loan for which Virtua Partners LLC or its principals serve as a guarantor when required by a lender. Fee will be paid by the property owners directly to Virtua Partners LLC (not by the Company).
Distributions of Available Cash to Common Member(s)	Virtua Partners LLC	Distributions to Common Member(s) of the Company equal to their pro rata share of 50% of Available Cash, after all Preferred Members' unpaid Accrued Annual Priority Returns have been paid and all Preferred Members' Capital Contributions have been repaid.
Distributions of Available Cash to Preferred Members	VHGF Management, LLC and/or any of its affiliates that are Preferred Members	Member Distributions of Available Cash as follows: (i) 15% Priority Return on the amount of the Preferred Member's investments; (ii) repayment of Unreturned Capital Contributions; and (iii) pro rata share of 50% of all subsequent Member Distributions.

Threatened or Pending Litigation.

Except as discussed below, neither the Company nor its Manager is now, or within the last 5 years has been, involved as a defendant in any material litigation or arbitration. Virtua and Palomino recently were named as defendants in a state court action pending before the Superior

Court of Orange County, California and assigned case no. 30-2013-00659305 (the "California Action"). Bank of America, N.A. ("B of A"), as plaintiff in the California Action, has asserted claims against multiple defendants. The claims relate primarily to Texas real property (the "Texas Property") owned by 2400 West Marshall LLC, a Texas limited liability company ("2400 WM") and regarding limited liability company interests in limited liability companies that indirectly own properties at 2616 and 2626 South Loop in Houston, Texas (the "LLC Interests"). 2400 WM is also a defendant in the California Action. Virtua is 2400 WM's manager. B of A asserts that it is entitled to recovery of approximately $1 million on the basis of an investment made by an unrelated judgment debtor who was a minority member of a limited liability company that in turn was the sole member of another limited liability company that previously owned the Texas Property. B of A asserts that defendants in the litigation arranged for 2400 WM to acquire the Texas Property and the LLC Interests for less than reasonably equivalent value. B of A asserts that the defendants in the litigation are liable under multiple theories in connection with its judgment debtors' efforts to avoid paying their obligations to B of A. The defendants dispute B of A's claims and intend to seek dismissal and judgment in their favor. No other affiliates, managers, principals, directors or officers of the Company nor its Manager are now, or within the past 5 years have been, involved as a defendant in any material litigation or arbitration. Additional information about the lawsuit may be requested from the Manager.

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TERMS OF THE OFFERING

By means of this Memorandum, the Company is offering 4,000 Units of its limited liability company preferred member interests at a purchase price of $25,000 per Unit with a minimum investment per investor of one Unit (or $25,000) to accredited investors only, including non-U.S. Persons, for a total Maximum Offering of Units of $100,000,000. The Company, in its sole discretion, may permit smaller investments.

The Offering.

The Company reserves the right to terminate the Offering before 4,000 Units have been sold or to sell fewer than 4,000 Units without further notice to the Preferred Members or potential investors. Upon acceptance, Capital Contributions received from subscriptions will be immediately available for use by the Company and the Offering Proceeds will not be held in escrow. Until appropriate investment opportunities become available, net proceeds from the sale of Units may be invested by the Company in short-term certificates of deposit, money market funds, other liquid asset accounts or non-interest bearing checking accounts. *See "Risk Factors – After the Offering, it may take time to purchase the investment properties, which may adversely affect the overall investment return to Preferred Members" on beginning on page 5 herein.*

There is no firm commitment by any securities broker/dealer, registered representative or wholesaler to sell any quantity of the Company's Offering or for qualified investors to purchase any Units, and there is no assurance that the entire Offering will be sold.

Subscription Documents and Admission to the Company.

Subscription Documents from prospective investors will be accepted or rejected by the Company within thirty (30) days after receipt. The Company reserves the right to reject any subscription submitted, in whole or in part, for any reason. If the subscription is accepted and the investor has made his, her or its initial Capital Contribution, the investor will become a Preferred Member in the Company without any further action by the investor and such Preferred Member's entire investment shall be deposited into the Company's bank account.

If some or all of the subscription is not accepted, the Company will so notify the prospective investor and will return the prospective investor's funds, without interest and without any deduction for expenses, as soon as practicable.

During the period prior to an investor's admittance to the Company as a Preferred Member, the investor's subscription is irrevocable. Subscription funds received by the Company will be held by it for the account of each such investor in an interest bearing account. All interest earned on such subscription funds during this period will belong solely to the Company and will not be credited toward the purchase of Units. Upon a Preferred Member's admission to the Company, such Preferred Member's subscription funds will be released to the Company and the appropriate number of Units will be issued to such Preferred Member at the rate of $25,000 per Unit.

By executing a Subscription Agreement, a Preferred Member unconditionally and irrevocably agrees to purchase the number of Units on a "when issued basis" as set forth therein. Failure to provide the Company payment in accordance with an investor's Subscription Agreement may subject the investor to liability for damages.

Accordingly, upon executing a Subscription Agreement, an investor is not yet an owner of Units or a Member of the Company. Units purchased at the time of executing the Subscription Agreement in the amount of Manager's then Commitment Call, will be issued when the Preferred Member is admitted to the Company and sufficient funds in an amount representing the purchase price for such Units are transferred to the Company.

Subscription Agreements are non-cancelable and irrevocable except as otherwise set forth herein. Subscription funds are non-refundable for any reason, except with the consent of the Company in its sole discretion. If the Preferred Member does not complete the purchase of Units pursuant to the Subscription Agreement, the Preferred Member will be in breach of the Subscription Agreement, will have caused the Company irreparable damage and will be liable for damages caused to the Company. The Company reserves the right to offset all such damages against the Preferred Member's Member Distributions or other amounts payable to the Preferred Member. Furthermore, non-payment will be a breach of the Operating Agreement, which allows for additional penalties. *See "Summary of Operating Agreement – Capital Contributions".*

The Manager reserves the right at any time, in its sole discretion, to terminate the sale of Units and to cease admitting Preferred Members to the Company if it believes that suitable investment opportunities are not then available. In such an event, the Company will refund all Capital Contributions made by potential investors not yet admitted as Preferred Members.

Preferred Member Priority Returns

Priority Returns are the amount of Member Distributions in excess of the amount of a Unit Holder's original Capital Contributions which the Company is allowed to pay a Unit Holder over the period of the Unit Holder's investment. All Preferred Members' Priority Returns are calculated using the Priority Return Percentage, which is set in Article IV of the Company's Operating Agreement, and is described above under "Business of the Company – Distributions to Preferred Members." Priority Returns are not a guarantee of payment or a rate of return on an investment. When the Company has Available Cash, the Manager, in its discretion, can use that resource to pay those Priority Returns that have accrued.

Accrued Annual Priority Returns are determined by the Manager prior to each Member Distribution Period by adding the increase in Priority Returns during the current Member Distribution Period to the next previous Member Distribution Periods' Accrued Annual Priority Returns determination. The increase in Priority Returns for a given Member Distribution Period is arrived at by multiplying the dollar amount of a Unit Holder's Unreturned Capital Contributions by the Priority Return Percentage (after it has been reduced to a per diem percentage) times the number of days in the subject Member Distribution Period, including only the days within the Member Distribution Period that are after the Unit Holder's original Capital Contributions have been accepted by the Company.

Except in the case of special tax-related distributions, distributions of Available Cash for Member Distributions must be made in the following order of priority: first, all Preferred Members' Accrued Annual Priority Returns must be paid in full; second all Preferred Members' Capital Contributions must be repaid; and then, third, Member Distributions may be paid at the rate of 50% to the Preferred Members, *pro rata*, and 50% to the Common Member(s), *pro rata*. The calculations made under the immediately preceding sentence, however, will credit the Common Member(s) as having already received [and applied to its Member Distributions otherwise to be received by the Common Member(s) pursuant to the preceding sentence] an amount equal to a "Pro Rata Amount" (as further defined in this paragraph) of any profit distributions received by any entity owned 100%, directly or indirectly (i.e. as a subsidiary), by Quynh Palomino or Lloyd W. Kendall Jr., or by them jointly (each, an "Affiliate Development Entity"), in which the Company has invested Company cash for the purpose of funding the acquisition and potential development of, or investment in, commercial real estate (each, an "Affiliate Development Funding Investment"). Such credit will only be given for profit distributions, and will not apply to any fees for services rendered by any Affiliate Development Entities or any other entities. Such credit will not apply, for example, to any brokerage fees received by Versant Commercial Brokerage, Inc. for brokerage services paid to it by any such Affiliate Development Entity. The Pro Rata Amount will be determined by applying a percentage to such distributions received by the Affiliate Development Entity equal to the amount of the Affiliate Development Funding Investment divided by the total amount of all capital invested or contributed by all parties in the relevant Affiliate Development Entity. In no event will application of this credit result in a negative amount owed by Common Member(s) to Company or Preferred Members.

In the event the Manager makes tax-related distributions, the Common Member(s) may receive these distributions prior to any Preferred Members receiving distributions for their Accrued Annual Priority Returns or repayment of their Unreturned Capital Contributions.

Restrictions on Transfer.

The Units will not be registered under the Securities Act, the securities laws of any state, or the securities laws of any country, and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act. There will be restrictions imposed by applicable United States federal and state securities laws upon the resale or transfer of any of the Units. Any Units acquired pursuant to this Offering will be "restricted securities" as defined in Rule 144 under the Securities Act and must be held indefinitely unless they are subsequently registered under the Securities Act and any applicable state or foreign securities laws, or, in an opinion of counsel furnished by the transferor (which counsel and opinion shall be reasonably satisfactory to the Company), that the transfer does not violate applicable federal, state or foreign securities laws, and is made pursuant to an exemption from registration under the Securities Act, the applicable securities laws of any state, or the applicable securities laws of any country. The Operating Agreement and Subscription Agreement also contain certain restrictions on the ability of Preferred Members to resell or otherwise dispose of Units purchased hereunder, including, without limitation, the following:

1. No Preferred Member may resell or otherwise transfer Units without the prior written consent of the Manager, except under limited circumstances. Such consent will

not be unreasonably withheld, but is intended to enable the Manager to verify compliance with the securities and other laws, and serve other important interests. *See "Summary of Operating Agreement – Limitations on Transferability".*

2. Units may not be sold or transferred unless the Units are registered under the Securities Act and any applicable state or foreign securities laws, or an exemption from such registration is available. If a Unit Holder is not a resident of the United States and the Manager has consented to a transfer to another non-resident of the U.S. in an offshore transaction pursuant to Regulation S of the Securities Act, a Compliance Certificate in the form available from the Company must be completed.

A legend substantially in the form set forth below will apply to or be placed upon all instruments or certificates (if any) evidencing ownership of Units in the Company sold to "accredited investors" who are "U.S. Persons":

THESE UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR UNDER ANY APPLICABLE STATE SECURITIES LAWS. SUCH UNITS MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED AT ANY TIME IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING SUCH UNITS UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR AN AVAILABLE EXEMPTION THEREFROM WITH AN OPINION OF COUNSEL PROVIDED AND SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.

Certificates (if any) evidencing Units sold to "accredited investors" who are "non-U.S. Persons" in the Offering will contain the following legends:

THE UNITS REPRESENTED BY THIS CERTIFICATE HAVE BEEN OFFERED IN AN OFFSHORE TRANSACTION TO A PERSON WHO IS NOT A U.S. PERSON (AS DEFINED HEREIN) PURSUANT TO REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

NONE OF THE UNITS REPRESENTED BY THIS CERTIFICATE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT, OR UNDER ANY U.S. STATE AND/OR FOREIGN SECURITIES LAWS, AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES (AS DEFINED HEREIN) OR TO U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND IN

EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE SECURITIES LAWS. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE UNITS MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE SECURITIES ACT.

ESTIMATED USE OF PROCEEDS

The Company expects to use the Proceeds from the sale of Units as set forth below, assuming that the Maximum Offering of 4,000 Units are sold. There is no guarantee that all Units offered hereunder will be sold or that the Company will elect to accept subscriptions up to the Maximum Offering. Offering Proceeds will not be held in escrow but made available immediately to the Company for use upon its acceptance of each of the respective Subscription Agreements it may receive. Offering Proceeds will be used to invest in real estate and pay the Management Fee (defined below) as well as Offering-related and investment-related expenses.

	4,000 Units Purchased	
Organization and Offering	Amount	Percentage of Gross Proceeds
Gross Offering Proceeds	$100,000,000	100.00%
Organization and Offering Expenses[(1)]	$3,250,000	3.30%
Available for Investment and Operations	$96,750,000	96.80%

Investment and Operations	Amount	Percentage of Gross Proceeds
Net Funds Raised	$ 96,750,000	98.50%
Transaction Placement Fees[(2)]	$ 2,902,500	3.00%
Marketing Expenses	$ 902,500	0.90%
Management Fees (Over 3 Years) [(3)]	$ 6,000,000	6.20%
Net Funds Available for Investment and Operations	$ 86,945,000	88.37%
Net Offering Proceeds Utilized	**$100,000,000.00**	**100.00%**

(1) Brokerage Fee: The Company will pay Boustead Securities, LLC, the FINRA registered broker-dealer of this Offering, 1% of gross proceeds, or $1,000,000 if all 4,000 Units are sold. Additionally, if the Company, in its sole discretion, requests Boustead to source and raise capital for this Offering, it will pay Boustead an additional fee of 2% of all capital that Boustead so sources and raises per Section 5.8 of its Operating Agreement. The Company reserves the right to engage alternative or additional broker-dealers for sale of the Units.

(2) Transaction Placement Fee: Represents the estimated real estate placement fee payable to the Company's principal consultant for real estate investments, principal real estate broker, and affiliate, Versant, in connection with the Company's acquisition of each Project or Project Entity Interest by or through the efforts of Versant. The placement fee is calculated as three percent (3%) of the investment amount by the Company in each Project or Project Entity Interest, without inclusion of allocated leverage on the Project or the property underlying the Project Entity Interest, and will be paid to Versant upon the closing of each transaction in which the Company makes an investment. This placement fee is not applicable to any transaction involving the purchase or sale of interests in the Company, such as in the Offering. The amounts shown in the table do not reflect real estate brokerage commissions, which also may be payable to Versant, in the event the Company's investment is comprised of a direct purchase of real estate.

(3) Management Fee: Represents the estimated annual management fee payable to the Manager over the course of the lifecycle of the Company after the Offering, which is estimated to extend three years. The annual management fee is equal to two percent (2%) of the Company's Assets Under Management. *See "Summary of Operating Agreement – Manager Compensation".*

DUTIES OF THE MANAGER, INDEMNIFICATION AND LIMITED LIABILITY

The powers, duties and obligations of, and limitations on, the Manager are set forth in the Operating Agreement. The Manager is chiefly responsible for all day-to-day operations of the Company. Except as specified in the Operating Agreement, the Manager shall have all powers and authorities granted to managers under the LLC Act, including the right to borrow money on behalf of the Company and grant a security interest in Company property, any Project or Project Entity Interest, or any other asset of the Company.

The Manager is obligated by the Operating Agreement to devote such time and attention to the business of the Company as the Manager determines, in the exercise of its reasonable judgment, to be necessary for the effective conduct of the Company business. Pursuant to Section 4.5 of the Operating Agreement, during business hours and with reasonable prior notice, any Preferred Member or his, her or its legal representative may inspect the Company's financial statements and other books and records maintained by the Company in accordance with the Operating Agreement and the LLC Act.

Pursuant to Section 5.3.1 of the Operating Agreement, there is no restriction upon the Manager's right to resign its position. In the event the Manager is no longer able to continue its service as Manager, the Company would seek to retain one or more other individuals or firms to perform the services required of the Manager, although the right to designate a successor manager is vested in the Common Member(s).

Article IX of the Operating Agreement also provides the Company shall indemnify the Manager against losses, damages, and expenses incurred in dealing with the Company, Preferred Members, or third parties, because of acts or omissions or alleged acts or omissions, unless the Manager engaged in an action or omission that constitutes fraud or willful misconduct, a violation of the LLC Act, was carried out or omitted with reasonable cause to believe the conduct or omission was unlawful with respect to any criminal act or proceeding, or engaged in an action that constitutes receipt of a financial benefit to which the Manager is not entitled.

A successful indemnification of the Manager or any litigation that may arise in connection with the Manager's indemnification could deplete the assets of the Company as allowed under Arizona law. Preferred Members who believe that the Manager has breached its fiduciary duty should consult with their own respective legal counsel(s).

CONFLICTS OF INTEREST

The sole member of the Manager of the Company, Quynh Palomino, is also majority member of the Company's Initial Member, Virtua Partners (which will own 50% of the Company's outstanding equity after the Offering), majority stockholder, director, Chief Financial Officer and Secretary of Versant, and sole owner of Clear Vista, thereby making each of these entities affiliates of each other, and of the Company. These relationships will result in various actual and potential conflicts of interest. Below is a discussion of certain of the important areas in which the interests of the Manager and/or its affiliates may conflict with those of the Company or its Preferred Members.

In general, the Manager will seek to resolve all conflicts through the exercise of the Manager's judgment consistent with the Manager's fiduciary responsibilities to the Company and the Members, and consistent with the Company's objectives and policies. The Manager will monitor these conflicts of interest, and believes that these conflicts of interest will not prevent the Manager from discharging its responsibilities to the Company. However, it will be extremely difficult, if not impossible, to ensure that these conflicts will not, in certain circumstances, result in adverse consequences to the Company and investors in this Offering.

Outside Investment Activities or Businesses of the Manager and its Affiliates; Allocation of Investment Opportunities.

The Manager currently also serves as manager of Virtua High Growth Fund, LLC and Virtua High Growth Fund II, LLC, the Company's affiliates, which have similar business plans to that of the Company. Additionally, the Manager and/or its affiliate(s) intend(s) to sponsor and/or manage other similar funds in the future. In such event, a conflict of interest could arise with respect to the Manager's fiduciary duty owed to the Company and any company sponsored and/or managed by the Manager with respect to opportunities presented for investment and the availability of eligible investment opportunities.

For example, a new company may be formed as an affiliate of the Manager, which also invests in projects similar to the Company's Projects. An event may occur whereby, due to the Company's investment parameters and evaluation methodology, new Projects may be found for investment, or current Company portfolio properties may require additional investment, in which the Company cannot, does not, or is not offered the opportunity to participate, but in which these new companies, the Manager's affiliates, may invest.

Generally, under a manager's fiduciary duties to a limited liability company, a manager is restricted from taking for itself, or for its affiliates, a business opportunity that can benefit the company. This is commonly referred to as the "Company Opportunity Doctrine." The Company Opportunity Doctrine is expressly waived by the Manager and each Unit Holder per Section 5.6 of the Operating Agreement, as follows:

> *The pursuit of such business, activity or project, even if competitive with the business of the Company, in and of itself, shall not be deemed wrongful or improper. No Manager nor Member shall be obligated to present any particular investment or other opportunity to the*

Company, any Member, any Affiliate, Manager or any other Person even if such investment or other opportunity is of a character that, if presented to such Person, could be taken by such Person. In addition, nothing in this Operating Agreement shall restrict or otherwise prohibit any Person from taking, for its own account, (individually or as a partner or fiduciary) or to recommend to others any such particular investment or other opportunity.

The Manager also has extensive contacts with other companies and parties engaged in the business of the Company. The Company may co-invest in Projects with such other companies and parties. Such situations, among others, may give rise to conflicts of interest in which the interests of the Manager and such other parties may conflict with those of the Company.

Allocation of Manager's Time.

As described above, the Manager is currently engaged in multiple business activities, and may engage in other ventures as well in the future. Such other activities will compete with the Company for the time and services of the Manager and its principals, conflicts of interest may arise with regard to the allocation of the Manager's time, services and functions, between its obligations to the Company and to its other business activities. Pursuant to the Operating Agreement, the Manager is not required to devote full time to Company affairs but only such time as is required for the conduct of Company business. This will be determined by the Manager in the exercise of its reasonable judgment. While the Manager believes that it will have sufficient time to discharge fully its responsibilities to the Company, conflicts of interests with respect to allocation of the Manager's time could be detrimental to the Company, and by extension, to the value of the Units.

Lack of Arm's-Length Agreements for Compensation to the Manager and its Affiliates.

The Manager will receive an annual Management Fee for managing the Company and its business. *See "Summary of Operating Agreement – Manager Compensation."* In addition, certain affiliates of the Manager will be engaged to provide services to the Company and will receive compensation, as briefly described below and more fully described in Exhibit C.

1. Pursuant to Section 5.7.4 of the Operating Agreement, Versant will serve as real estate consultant and broker, and will receive a real estate placement fee in connection with the Company's acquisition of each Project or Project Entity Interest by or through the efforts of Versant. In addition, to the extent the Company's investment in a Project is comprised of a direct acquisition of real estate, Versant may also receive a real estate brokerage commission.

2. Clear Vista may provide asset management and/or property management services for some or all of the Company's investment properties, and will be entitled to receive asset management fees in exchange for such services.

3. To the extent a lender requires a guarantor on a loan to be obtained in connection with an investment property, the Initial Member or its principals may provide such guarantee, and will be entitled to receive a fee in connection with such guarantee.

4. The Common Member(s) of the Company will be entitled to distributions equal to 50% of distributions of Available Cash after all Preferred Members' unpaid Accrued Annual Priority Returns have been paid, and all Preferred Members' Capital Contributions have been repaid pursuant to Section 4.3 of the Operating Agreement.

5. To the extent the Manager and/or any of its affiliates is a Preferred Member, they will be entitled to receive Member Distribution of Available Cash as described in *"Summary of Operating Agreement – Profits and Losses; Distributions and Return of Capital"* as well as Section 4.3 of the Operating Agreement.

None of these arrangements are the result of arm's-length negotiations involving independent representatives of the Company. However, the Manager will act in good faith to set the terms of any transaction between the Company and an affiliate of the Manager, and the consideration to be paid to such affiliate, to be comparable with the terms available in a transaction with a person who is not an affiliate of the Manager.

Any fees or compensation for services rendered by the Manager or its affiliates pursuant to the terms of the Operating Agreement will be paid prior to and in preference to any repayment of the Members' Capital Contributions and Priority Returns on the Units.

Section 5.5 of the Operating Agreement addresses dealings of the Manager and its affiliates with the Company as follows:

> *The Manager and any Affiliate shall have the right to contract and otherwise deal with the Company and/or any Project Entity with respect to the sale, purchase, management, or lease of real and/or personal property, the rendition of services, the lending of money and for other purposes, and to receive the purchase price, costs, fees, commissions, interest, compensation and other forms of consideration in connection therewith, as the Manager may determine, without being subject to claims for self-dealing, so long as the terms of any such transaction and the consideration therefor shall be comparable with the terms available in a transaction with a person who is not an Affiliate.*

While the Manager and its affiliates have obligations to the Company both at law and under the agreements entered into with the Company, if such obligations are not discharged or if the affiliate fails to adequately perform under such agreement(s), the Manager may face further conflict in determining whether or not to enforce, and the manner of enforcing, the rights of the Company against the non-performing affiliate. In addition, under the terms of the Operating Agreement, the Company has an obligation to indemnify the Manager and/or its affiliates in certain circumstances. This indemnification obligation may arise in connection with an action by the Company to enforce its rights against the Manager or its affiliate, which may render such enforcement action impractical or ineffective.

Role of the Common Member(s) in Removing and/or Replacing the Manager.

Virtua Partners is the owner of 100% of the common interests of the Company, which will comprise 50% of the Company's total outstanding ownership interests after the Offering. This entity is controlled by Lloyd W. Kendall, Jr. and Quynh Palomino, and accordingly, is an affiliate of the Company and of the Manager. Pursuant to Section 5.3.2 of the Operating Agreement, in the event the Preferred Members wish to remove the Manager, the consent of the Common Member(s) is required. Further, in the event the Manager resigns or is removed, the Common Member(s) have the right to designate a successor Manager per Section 5.2.2 of the Operating Agreement. Prospective investors should be aware that the ability of Preferred Members to remove the Manager is restricted and will require the consent of the Manager's affiliate, that Preferred Members have no ability to appoint a successor manager, and that, because the ability to designate a successor manager rests with the Manager's affiliate, there can be no assurance that any successor manager will be acceptable to the Preferred Members. It is therefore unlikely that Preferred Members will have the ability to remove the Manager or appoint a replacement Manager.

Tax Matters Partner.

Section 4.8 of the Operating Agreement designates Virtua Partners, an affiliate of the Manager, as the "tax matters partner" to act on behalf of the Company in administrative and judicial proceedings involving the IRS or other enforcement authorities. As a result, Virtua Partners may make various determinations binding on all the Members. It is possible that issues could arise on which Virtua Partners or its affiliates, such as the Manager, or the partners of other partnerships of which it or its affiliates are a tax matters partner, might benefit from taking positions as "tax matters partner" that are not in the best interest of the Members.

No Separate Representation of Investors by Counsel to the Initial Member.

The legal counsel representing the Initial Member in connection with the organization of the Company and the Offering does not represent the Company or any of the Company's other Members. The Initial Member's legal counsel disclaims any fiduciary or attorney-client relationship with the other Members. Prospective investors should obtain the advice of their own legal counsel regarding legal matters in connection with an investment in the Units.

SUMMARY OF OPERATING AGREEMENT

The following is a summary of certain terms and provisions of the Company's Operating Agreement. Such summary is qualified in its entirety by the full terms of the Operating Agreement attached hereto as Exhibit A. Potential investors are urged to read the entire Operating Agreement. Capitalized terms used but not defined in this Memorandum have the meanings set forth in the Operating Agreement.

Rights and Liabilities of Preferred Members.

The rights, duties and powers of Preferred Members are governed by the Operating Agreement and the LLC Act. This summary of such rights, duties and powers is qualified in its entirety by reference to the Operating Agreement and the LLC Act.

Investors who become Preferred Members in the Company in the manner set forth herein will generally not be responsible for the obligations of the Company and will be liable only to the extent of their committed Capital Contributions. Preferred Members may be liable for any return of capital plus interest if such is necessary to discharge liabilities existing at the time of such return. Any cash distributed to Preferred Members may constitute, in whole or in part, a return of capital.

Capital Contributions.

Interests in the Company will be sold in Units for the purchase price of $25,000 per Unit, with a minimum investment per investor of one Unit, unless modified by the Manager in its sole discretion. For purposes of meeting this minimum investment requirement, a person may cumulate Units he or she purchases individually with Units purchased by his or her spouse. To purchase Units, potential investors must deliver a Subscription Agreement, Questionnaire to Prospective Offerees, and the Certification of Accredited Investor Status or Provision of Financial Information to the Company in the forms attached to this Memorandum as Exhibit B, together with cash, or a check or a wire transfer made payable to "Virtua High Growth Fund III, LLC". Such purchase of Units will be pursuant to the Manager's Commitment Call, from time to time.

Pursuant to Section 3.2 of the Operating Agreement, failure of a Preferred Member to contribute capital upon a Commitment Call (a "Non-Contributing Member") may result, in the discretion of the Manager, in any one or more of the following consequences: the Company may charge the Non-Contributing Member interest at the Default Rate; the Company may deny the Non-Contributing Member the right to participate in a vote of Preferred Members; the Company may pursue legal proceedings against the Non-Contributing Member; the Company may request the amount from the Initial Member or an affiliate; or the Company may designate the Non-Contributing Member as "inactive," as a result of which the Non-Contributing Member may have no further rights to distributions.

Rights, Powers and Duties of Manager.

Subject to the right of the Members to vote on limited specified matters, per Section 5.1 of the Operating Agreement, the Manager will have complete charge of the business of the Company. The Manager is not required to devote full time to Company affairs but only such time and attention as the Manager determines, in its reasonable judgment, as is required for the effective conduct of Company business. The Manager acting alone has the power and authority to act for and bind the Company. The Manager also has the authority to borrow money on behalf of the Company as determined in its sole discretion. The use of such borrowings could have the effect of 1) reducing Member Distributions or 2) increasing such Member Distributions in such a way that accelerates the payment of Priority Returns and the return of Capital Contributions to the Preferred Members.

Manager Compensation.

Pursuant to Section 5.7 of the Operating Agreement, the Manager will receive an annual management fee ("Management Fee") in an amount equal to two percent (2%) of the Company's assets under management, which is defined as the net proceeds of the Offering after payment of expenses related to the Offering and to organization of the Company ("Assets Under Management"). Assets Under Management will not be adjusted for any change in the value of the Projects, Project Entities or Project Entity Interests.

The Management Fee will be calculated on the last day of each calendar month at the rate of 0.167% of Assets Under Management at the close of business on the last day of each such month and paid within ten (10) days thereafter (the "Monthly Payment").

Also as provided in Section 5.7 of the Operating Agreement, in addition to the Management Fee, the Manager will be reimbursed for any costs and expenses incurred by the Manager for its services in managing the Company. These costs include those related to: executive management and financial oversight of the Company, including day-to-day external accounting services; Member management, office administration; document development and production; development and maintenance of computer software or cloud based applications; tax preparation; Company governance; general, comprehensive business insurance and key man life insurance, if any; regulatory filings; and monitoring the status of investments as they progress. These expenses may significantly reduce the funds that are available for investment in Projects or Project Entity Interests.

The Company will also independently pay any costs relating to preparation of financial information by third party accountants, or transactional commissions and other expenses and fees which may arise in connection with the Company's acquisition of Projects and/or Project Entity Interests, from time to time. Such fees may include, without limitation, attorneys' fees, due diligence consultants, and other third parties as necessary in Manager's discretion to complete any property transaction from time to time. These expenses may significantly reduce the funds that are available for investment in Projects or Project Entity Interests.

Resignation or Removal of the Manager.

As provided in Section 5.3.1 of the Operating Agreement, the Manager may resign from the Company upon notice to the Members. A Disabling Event, or the removal of the Manager pursuant to the terms of the Operating Agreement, may also constitute resignation. The Manager may be removed for fraud, willful misconduct, or material violation of the provisions of the Operating Agreement, or otherwise, with the consent of more than one-half of the aggregate Percentage Interests held by all Preferred Members and Common Member(s) together. In all cases, the Common Member(s) are entitled to select any successor Manager.

Profits and Losses; Distributions and Return of Capital.

Profits and Losses of the Company will be treated in accordance with Article IV of the Operating Agreement. The Company may make Member Distributions when there is Available Cash for distribution, in the discretion of the Manager.

Such Member Distributions shall be allocated and made, pursuant to Section 4.3 of the Operating Agreement, except as it shall otherwise provide, as follows:

1. First, to the Preferred Members *pro rata* in the ratio of their unpaid Accrued Annual Priority Returns until the cumulative amount paid to each Unit Holder is equal to the amount of that Preferred Member's unpaid Accrued Annual Priority Returns computed using the Priority Return Percentage;

2. Second, to the Preferred Members *pro rata* in the ratio of their Unreturned Capital Contributions until the cumulative amount paid to each Preferred Member has reduced the amount of each Preferred Member's Unreturned Capital Contribution to zero; and

3. Thereafter, fifty percent (50%) of remaining Member Distributions *pro rata* among the Preferred Members and fifty percent (50%) *pro rata* to the Common Member(s).

4. The calculations made under the immediately preceding paragraph 3, however, will credit the Common Member(s) as having already received [and applied to its Member Distributions otherwise to be received by the Common Member(s) pursuant to the preceding paragraph 3] an amount equal to a "Pro Rata Amount" (as further defined in this paragraph 4) of any profit distributions received by any entity owned 100%, directly or indirectly (i.e. as a subsidiary), by Quynh Palomino or Lloyd W. Kendall Jr., or by them jointly (each, an "Affiliate Development Entity"), in which the Company has invested Company cash for the purpose of funding the acquisition and potential development of, or investment in, commercial real estate (each, an "Affiliate Development Funding Investment"). Such credit will only be given for profit distributions, and will not apply to any fees for services rendered by any Affiliate Development Entities or any other entities. Such credit will not apply, for example, to any brokerage fees received by Versant Commercial Brokerage, Inc. for brokerage services paid to it by any such Affiliate Development Entity. The Pro Rata Amount will be determined by applying a percentage to such distributions received by the Affiliate Development Entity equal to the amount of the Affiliate

Development Funding Investment divided by the total amount of all capital invested or contributed by all parties in the relevant Affiliate Development Entity. In no event will application of the credit provided by this paragraph 4 result in a negative amount owed by Common Member(s) to Company or Preferred Members.

Furthermore, the Manager may make, but is not required to make, discretionary special distributions to any Member, including the Common Member(s), disregarding the Preferred Members' preference, in an amount calculated to cover the estimated tax liability of the Member or Members in any given period. Any such tax distribution can be made at the discretion of the Manager, but will only be made to the extent there is Available Cash and is allowable by law. In the event of any such tax-related distribution, the Common Member(s) may receive such distributions prior to any Preferred Members receiving distributions for their Accrued Annual Priority Returns or repayment of their Unreturned Capital Contributions.

Accounting and Reports.

The Manager intends to distribute to the Preferred Members, within 90 days after the end of each fiscal year, an unaudited annual report of the Company relating to the previous fiscal year of the Company, containing a statement of financial condition as of the year then ended, and a statement of operations, available cash, and Company equity for the year then ended. In addition, the Manager intends to distribute to the Preferred Members an unaudited quarterly report, including interim operating statements, within 45 days of the end of each quarter, as well as descriptions of new acquisitions and dispositions.

The Members shall be furnished such detailed information as is reasonably necessary to enable them to complete their own United States tax returns within 90 days after the end of the Company's fiscal year. Unless reporting requirements change, the Company expects to provide Members, via email, with IRS Form 1065 Schedule K-1 for reporting partner profit(loss) allocations for tax preparation purposes prior to the personal US tax filing initial deadline (generally April 15th) of each year. During business hours and with prior reasonable notice, any Preferred Member or his, her or its legal representative may, at the Company's office, inspect the Company's financial statements and other books and records maintained by the Company in accordance with the Operating Agreement and the LLC Act.

Amendment of the Agreement.

Pursuant to its Section 10.9.2, the Operating Agreement may be amended upon the approval of each of (i) the Manager (which is controlled by Quynh Palomino), (ii) the Common Member (which is controlled by Lloyd W. Kendall, Jr. and Quynh Palomino), by Majority Common Member Consent, and (iii) the Preferred Members, by Majority Preferred Member Consent. These majority consents require greater than 50% of the Percentage Interest of the respective member class.

Certain types of amendments may be made unilaterally by the Manager, without consent of the Members, as provided in Section 10.9.1 of the Operating Agreement, which includes amendments required by a lender making a loan to the Company or any Project Entity.

No Early Withdrawal from Company.

Per Section 6.7 of the Operating Agreement, no Member has the right to withdraw from the Company or to demand any Member Distribution or a return of all or any part of his, her or its Capital Contributions. No Member, by reason of his, her or its withdrawal from the Company, will receive any Member Distribution other than in such amounts and at such time as he would have received had he not withdrawn from the Company.

Limitations on Transferability.

The Units will not be registered under the Securities Act, the securities laws of any state, or the securities laws of any country and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act. There will be restrictions imposed by applicable United States federal and state securities laws upon the resale or transfer of any of the Units. To ensure compliance with those securities laws, rules and regulations, per the provisions of Article VI of the Operating Agreement, no Unit nor other Interest may be transferred without the prior written consent of the Manager (unless transferred to a Family Trust, with proper notice to the Company). That consent, however, will not be unreasonably withheld. In any case, the transferor shall be responsible for any and all expenses incurred, or reasonably anticipated to be incurred by the Company and/or Manager arising from or in connection with such transfer, and the minimum transfer fee will be $500.00.

Term of Company.

Pursuant to Section 1.4 of the Operating Agreement, the term of the Company will end on December 31, 2019, subject to extension, in the Manager's discretion, for two additional one year periods following that date, if necessary to allow for the disposition of Company portfolio assets. The term may also be extended for a period necessary to comply with any applicable covenants or restrictions contained in loan agreements or other binding obligations to which the Company or the Projects are subject. The Company may terminate earlier than the full term, upon the first to occur of the following: (i) the sale or other disposition of the Projects and Project Entity Interests; (ii) the occurrence of any event which would, under the LLC Act or under the terms of the Operating Agreement, result in the dissolution of the Company; and (iii) upon the consent of the Common Member(s) to dissolve the Company.

Upon termination of the Company, the Manager or its successor will liquidate the Company's remaining assets. All funds received by the Company shall be applied and distributed in accordance with the Operating Agreement.

FEDERAL INCOME TAX CONSEQUENCES

Prospective Preferred Members are urged to consult with and rely upon their own tax advisors for advice on investing in Units. The income tax consequences of an investment in Units are often complex and may not be the same for all Preferred Members. Nothing in this Memorandum is or should be construed as legal or tax advice to a Preferred Member. The Company will not seek, and therefore will not obtain, an opinion of counsel as to any tax consequences that may result from an investment in Units. **Preferred Members who are "Non-U.S. Persons" will be subject to the back-up withholding provisions of Section 3406(a)(1) of the Internal Revenue Code. The Company will be required to withhold tax and deposit it with the Internal Revenue Service ("IRS") at the highest applicable U. S. marginal tax rate on any income allocated to an investor who is a "Non-U.S. Person", even in cases where there is taxable income but no cash is distributed to such investor. Foreign persons contemplating an investment in the Company are urged to consult their own tax advisors.**

ERISA CONSIDERATIONS

The Employment Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on those employee benefit plans to which it applies ("Plans") and on those persons who are fiduciaries with respect to such plans. In accordance with ERISA's general fiduciary standards, before investing in Units, a Plan fiduciary should determine whether to do so is permitted under the governing Plan instruments and is appropriate for the Plan in view of its overall investment policy and the composition and diversification of its portfolio. Other provisions of ERISA prohibit transactions involving the assets of a Plan and persons who have certain specified relationships to the Plan (so called "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code). Thus, a Plan fiduciary considering an investment in Units also should consider whether such investment might constitute or give rise to a prohibited transaction under ERISA or the Code. **Due to the complexity of these rules and the penalties they impose upon persons involved in prohibited transactions, it is particularly important that potential investors consult with their counsel regarding the consequences under ERISA for acquisition and ownership of Units.**

INVESTOR STANDARDS

An investment in Units involves a high degree of risk. Accordingly, this Offering is limited to qualified investors who are "accredited investors", as defined under Regulation D of the Securities Act, including persons who are "non-U.S. Persons" as defined under Regulation S of the Securities Act, and who purchase Units without a view to their public distribution or resale. All investors in this Offering must be accredited as defined under Regulation 501 of the Securities Act regardless of their status as "Non-U.S. Persons" pursuant to Regulation S. For a description of the risks of an investment in Units, *see "Risk Factors"* in this Memorandum.

In order to assure that each prospective investor is an "accredited investor" each prospective investor will be required to provide information or certification to the Company to verify the investor's status as an "accredited investor" in the Subscription Documents, by completing a Subscription Agreement and Questionnaire to Prospective Offerees, and submitting the Certification of Accredited Investor Status or Provision of Financial Information. Any prospective investor that is also a "non-U.S. Person" will also be required to represent and warrant to the investor's status as a "non-U.S. Person" in the Subscription Documents.

Certain additional representations and warranties are required to be made by prospective investors in the Subscription Documents, and the Company will rely on these representations and warranties in connection with its claim of applicable exemption(s) under the Securities Act. These include, among other things, that the prospective investor: (1) agrees not to sell or transfer any Units at any time or to any person if, in the opinion of counsel furnished by the transferor (which counsel and opinion shall be reasonably satisfactory to the Company), such sale or transfer would violate applicable United States federal or state securities laws or applicable foreign securities laws; (2) represents that such investor is purchasing the Units for such investor's own account without a view to public distribution or resale; and (3) with regard to "non-U.S. Persons", that any resale will be in compliance with Regulation S of the Securities Act.

THE SUBSCRIPTION DOCUMENTS INCLUDE CERTAIN REPRESENTATIONS AND WARRANTIES OF THE INVESTOR UPON WHICH THE COMPANY WILL RELY IN DETERMINING WHETHER TO ACCEPT A SUBSCRIPTION. THE MATERIAL INACCURACY OF ANY SUCH REPRESENTATIONS OR WARRANTIES, AS IT APPLIES TO ANY INVESTOR, COULD RESULT IN LEGAL LIABILITY TO THAT INVESTOR, INCLUDING, BUT NOT LIMITED TO, THE RIGHT, BUT NOT THE OBLIGATION, OF THE COMPANY, TO ACQUIRE THE UNITS FROM THE INVESTOR FOR A TOTAL PURCHASE PRICE EQUAL TO THE TOTAL PURCHASE PRICE PAID BY THE INVESTOR FOR THE UNITS, LESS THE AMOUNT OF ANY MEMBER DISTRIBUTIONS RECEIVED BY THE INVESTOR, AS WELL AS ANY OTHER RIGHTS AVAILABLE TO THE COMPANY. PROSPECTIVE INVESTORS ARE URGED TO READ EACH OF THE SUBSCRIPTION DOCUMENTS CAREFULLY AND, TO THE EXTENT THEY DEEM APPROPRIATE, TO DISCUSS THE SUBSCRIPTION DOCUMENTS AND THEIR PROPOSED INVESTMENT IN THE UNITS WITH THEIR LEGAL AND OTHER ADVISORS.

Qualifications of Prospective Investors

The Company will sell the Units only to prospective investors that qualify as "accredited investors," as defined in Rule 501(a) under the Securities Act.

The Company will be relying on Rule 506(c) of the Securities Act to engage in general solicitation for promotion of this Offering. Pursuant to such rule and related rules and regulations, the Company must verify each prospective investor's status as an "accredited investor". Therefore, to qualify for the applicable exemptions and obligations under federal securities laws, particularly Rule 506(c) of the Securities Act, the Company must solicit and receive certain personal financial information and/or certifications from the prospective investor or its representatives regarding the qualification of the prospective investor as an "accredited investor". Further information regarding the personal financial information and/or certifications to be submitted to the Company is contained in the Subscription Documents.

Qualifying as Accredited Investors

Rule 501(a) defines accredited investors as any of the following persons at the time of purchase:

- A natural person whose net worth*, or joint net worth* with his or her spouse, exceeds $1,000,000;

  ** "Net worth" means the excess of the value of total assets over the value of total liabilities. For purposes of calculating net worth, adhere to the following:*

  1. ***Treatment of primary residence:*** *The investor's primary residence should not be counted as an asset. (The term "primary residence" is not defined in SEC rules but is commonly understood to mean the home where a person lives the most of the time.)*

  2. ***Treatment of debt secured by the primary residence (such as a mortgage or home equity line of credit):***

  a. Debt secured by the primary residence (such as a mortgage or home equity line of credit) should not be counted as a liability in the net worth calculation if the estimated fair market value of the residence is greater than the amount of debt secured by the residence. (There is no requirement to obtain a third party estimate of the fair market value of the residence.)

  b. If the amount of debt secured by the residence has increased in the 60 days preceding the sale of securities to the investor (other than in connection with the acquisition of the primary residence), then the amount of that increase should be included as a liability in the net worth calculation, even if the estimated value of the residence is greater than the amount of debt secured by it.

  c. If the estimated fair market value of the residence is lower than the amount of debt secured by the primary residence (i.e., an "underwater" mortgage),

then the excess <u>should be</u> included as a liability in the net worth calculation. This is true even if the investor may not be personally liable for the excess amount by reason of the contractual terms of the debt or the operation of state anti-deficiency statutes or similar laws;

- A natural person whose individual gross income exceeded $200,000 or whose joint income with that person's spouse exceeded $300,000 in each of the last two years, and who reasonably expects to exceed such income level in the current year;
- A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person described in Regulation D under the Securities Act;
- A director or executive officer of the Company;
- An entity, all of the owners of which are accredited investors;
- A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act,
- A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934,
- An insurance company as defined in Section 2(a)(13) of the Securities Act,
- An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of such act,
- A Small Business Investment Company licensed by the Investment United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958,
- An employee benefit plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivision, if such plan has total assets in excess of $5,000,000,
- An employee benefit plan within the meaning of Title I of the Employee Retirement Income Securities Act of 1974, and the employee benefit plan has assets in excess of $5,000,000, or the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, that is either a bank, savings and loan institution, insurance company, or registered investment advisor, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors,
- A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, or
- An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with assets in excess of $5,000,000.

The Manager reserves the right to exercise its own judgment as to whether any prospective investor meets the investor standards. In addition, a prospective investor may be required to provide additional evidence, including current financial information, as the Manager may deem necessary to substantiate the certification or other information provided by the investor as to its "accredited investor" status. These investor standards are minimum requirements for prospective investors, and the satisfaction of these standards does not mean that the Units are a suitable investment for a prospective investor.

Qualifying as Non-U.S. Persons

The Company may sell Units to "accredited investors" who are "non-U.S. Persons" under Regulation S of the Securities Act. Rule 902(k) of Regulation S defines "U.S. Persons" as any of the following persons:

i. Any natural person resident in the United States;

ii. Any partnership or corporation organized or incorporated under the laws of the United States;

iii. Any estate of which any executor or administrator is a U.S. Person;

iv. Any trust of which any trustee is a U.S. Person;

v. Any agency or branch of a foreign entity located in the United States;

vi. Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;

vii. Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

viii. Any partnership or corporation if: (A) organized or incorporated under the laws of any foreign jurisdiction; and (B) formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D of the Securities Act) who are not natural persons, estates, or trusts.

HOW TO INVEST

Each prospective investor will be required to complete, sign and deliver to the Company the following documents (collectively, the "Subscription Documents"):

1. Subscription Agreement, in the form attached hereto as Exhibit B;

2. Questionnaire to Prospective Offerees, in the form included with Exhibit B;

3. Certification of Accredited Investor Status or Provision of Financial Information, in the form included with Exhibit B; and

4. An Operating Agreement signature page, as included with Exhibit B.

Completion of the Subscription Documents demonstrates that, among other things: (a) whether the investor is an accredited investor as defined under Regulation D of the Securities Act; and has provided information necessary to verify such status; (b) whether the investor is a "U.S. Person" or a "non-U.S. Person" as defined under Regulation S of the Securities Act; (c) the investor has read this Memorandum and the other information and materials provided to the investor for purposes of evaluating the risks of investing in the Company; and (d) the investor is purchasing the Units for the investor's own account, for investment, and without a view to resale.

In completing and delivering the Subscription Documents, the prospective investor tenders his, her or its binding Commitment to purchase a certain number of Units and to pay the Total Purchase Price therefor. The purchase price is $25,000 per Unit and the minimum investment is $25,000 per investor. The Manager will determine the time and manner of payment of the Total Purchase Price, and will call for the investor to meet his, her or its Commitment in one or more installments. The Manager may or may not call for payment of all or part of the Total Purchase Price upon its acceptance of the Subscription. Upon the Manager's Commitment Call, the investor shall remit cash, or a check or send a wire transfer of funds made payable to "Virtua High Growth Fund III, LLC" in an amount equal to the Total Purchase Price for the Units or such lesser amount or amounts as Manager shall require, from time to time.

The Subscription Documents and payment for the purchase price should be returned to the Company at Attn: Subscription Administration, Virtua High Growth Fund III, LLC, c/o Versant Commercial Brokerage, Inc., 894 W. Washington St. San Diego, CA 92103. For wire instructions, please contact Valerie Reid at (619) 908-1738.

The Company will review the Subscription Documents and determine whether to accept the Subscriptions proposed thereby. The Company may reject any Subscription, in whole or in part, for any reason or for no reason. If a Subscription is accepted, the Company will so notify the prospective investor. If some or all of the Subscription is not accepted, the Company will so notify the prospective investor and will return the prospective investor's funds, without interest and without any deduction for expenses, as soon as practicable.

The Company has the right, in its sole and absolute discretion, to reduce the number of Units for which each prospective investor subscribes by any number, without any prior notice

to or consent of any prospective investor. In this event, each prospective investor's funds in excess of the number of Units issued to the investor will be returned as soon as practicable, without interest, following the closing date.

ADDITIONAL INFORMATION

This is an offering limited to "accredited investors" as defined under Regulation D of the Securities Act, including persons who are "non-U.S. Persons" as defined under Regulation S of the Securities Act, who accept the responsibility for conducting their own investigation and for consulting with their professional advisors in connection with their investment. All investors in this Offering must be accredited as defined under Regulation 501 of the Securities Act regardless of their status as "Non-U.S. Persons" pursuant to Regulation S.

Prospective investors and their advisors are invited to ask questions concerning the Company, its business, this Offering and such other matters as the prospective investors and their advisors deem pertinent in connection with making an investment in the Company. The Manager will make available to each potential Preferred Member every opportunity to obtain any additional information from the Company or the Manager necessary to verify the accuracy of the information contained in this Memorandum, to the extent that they possess such information, it can be acquired without unreasonable cost or expense, it is not confidential or proprietary in nature, and it is not information that the Company would not otherwise provide to its Members. Prospective investors may be required to execute nondisclosure agreements as a prerequisite to reviewing documents determined by the Company to contain certain sensitive information.

For further information, please contact Valerie Reid at 619-908-1738, Valerie@versantcre.com.

EXHIBIT A

OPERATING AGREEMENT

(SEE ATTACHED)

OPERATING AGREEMENT
OF
VIRTUA HIGH GROWTH FUND III, LLC

This Operating Agreement (hereinafter, as the same may be amended and/or supplemented, this "Agreement") is entered into effective as of November 18, 2016, among: *(i)* Virtua Partners LLC, an Arizona limited liability company (referred to herein as "Virtua Partners" or the "Initial Member"), and each other person who executes this Agreement as a common member (Virtua Partners and all other common members being collectively referred to herein as the "Common Members"); *(ii)* each person who has executed a Counterpart Member Signature Page and made his/her/its initial capital contribution to the Company (each individually referred to as a "Preferred Member") (all Common Members and Preferred Members are collectively referred to as "Members"); *(iii)* VHGF Management, LLC, an Arizona limited liability company, and any successor Manager (the "Manager"); and (*iv*) Virtua High Growth Fund III, LLC, an Arizona limited liability company (the "Company").

RECITALS:

A. On November 3, 2016, *Articles of Organization of Virtua High Growth Fund III, LLC* (as the same may be amended and restated from time to time (the "Articles of Organization")) were filed with the Arizona Corporation Commission ("ACC"), thereby forming the Company as a limited liability company under and pursuant to the LLC Act.

B. The parties hereto desire to set forth the agreement of the Members and Manager with respect to the operation of the Company and their respective rights and duties.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I
ORGANIZATIONAL MATTERS

1.1 Continuation.

1.1.1 The Company was formed on November 3, 2016, upon the filing of its Articles of Organization with the ACC as file no. L2135189-6. VHGF Management, LLC, an Arizona limited liability company formed on August 26, 2014, was designated as Manager of the Company in the Articles of Organization. The Manager shall execute, acknowledge, file, record and/or publish such certificates and documents, as may be required by this Agreement or by law in connection with the formation and operation of the Company.

1.1.2 The parties hereto agree that the Company shall be continued as a limited liability company pursuant to and in accordance with the LLC Act, and that the Members of the Company shall be the persons so identified in this Agreement. The parties further agree to the execution, filing, publishing and/or recording by the Manager, on behalf of the Company, of such

other certificates and such instruments, notices and/or documents, and to the performance of such acts, as may be necessary or appropriate from time to time to comply with all applicable requirements for the existence, continuation and/or operation of the Company under the laws of, and the ownership and operation of its properties in, and the carrying out of its activities in, the State of Arizona, and, to the extent applicable, in other jurisdictions.

1.1.3 The parties agree that the operation of the Company and the relationship of the Members with respect to the Company shall be governed by this Agreement and the LLC Act.

1.2 Name. The name of the Company is **Virtua High Growth Fund III, LLC** or such other name(s) as the Manager may subsequently select. The Company may conduct its business under such assumed name(s) as the Manager may select from time to time.

1.3 Offices; Agent for Service of Process. The registered office which the Company is required to maintain under the LLC Act shall be located at 7600 North 15th Street, Suite 150-19, Phoenix, Arizona 85020, or at such other place as may be designated from time to time by the Manager. The principal office of the Company shall be located at 7600 North 15th Street, Suite 150-19, Phoenix, Arizona 85020, or at such other place as may be designated from time to time by the Manager. The Company may have a principal office in such other location, and may maintain such other office(s), as the Manager may designate from time to time, including offices in other states. The name and address of the resident agent for service of process on the Company in the State of Arizona is Mark Dioguardi, c/o Dioguardi Law Firm, PLLC, 11811 North Tatum Boulevard, Suite P-159, Phoenix, Arizona 85028, or such other person and address as shall be designated by the Manager.

1.4 Term. The term of the Company began on the date the Articles of Organization were filed with the ACC on November 2, 2016. The Company shall continue until, and the Company shall dissolve on, the first to occur of: *(i)* the sale or other disposition of, or any other event(s) that results in the Company's ceasing to have any interest in, the Projects and Project Entity Interests, unless such event(s) result in the acquisition of receivables by the Company, in which case, at the option of the Manager, the Company shall continue until all such receivables have been collected; *(ii)* the occurrence of any event which would, under the LLC Act (notwithstanding the provisions of this Agreement) or under the terms of this Agreement, result in the dissolution of the Company; *(iii)* Majority Common Member Consent to dissolve the Company; and *(iv)* December 31, 2019, except that the Manager in its discretion may extend the term for *(a)* two additional one year periods following such date if necessary for an orderly liquidation of the Company's investments, or *(b)* such period as any covenant or restriction requires which is contained in loan agreements or other obligations to which the Company or the Projects are subject.

1.5 Title to Company Property.

1.5.1 All property of the Company, whether real or personal, tangible or intangible, shall be acquired, held and disposed of in the name of the Company or its designated nominee. All contracts of the Company shall be made, all instruments and documents shall be executed, and all acts of the Company shall be done, in the name of the Company.

1.5.2 Each Member shall have and own an undivided interest in the Company in accordance with the terms hereof; provided, however, that no Member shall have any specific ownership interest in any Company contracts, property or other assets, and shall not hold any Company contracts, property or other assets in his/her/its individual name. Each Member acknowledges that his/her/its Interest is and shall continue to be personal property for all purposes. Each Member hereby waives any right to partition of Company property.

1.6 Definitions. The following capitalized terms shall have the following meanings, unless the context clearly indicates a different meaning:

"**Offering**" means the offering by the Company to prospective investors of ownership interests to become Preferred Members pursuant to the Private Placement Memorandum.

"**Accrued Annual Priority Return**" is defined in Section 4.3.1(i).

"Actions and Decisions" is defined in Section 5.1.2.

"**Adjusted Capital Account**" is defined in Section 4.1.4(i).

"**Affiliate**" means: *(i)* with respect to any individual, any member of such individual's Immediate Family and/or a Family Trust with respect to such individual, and any organization in which such individual and/or his/her Affiliate(s) own, directly or indirectly, more than twenty-five percent (25%) of any class of Equity Security or of the aggregate Beneficial Interest of all beneficial owners, or in which such individual or his/her Affiliate is the sole general partner, managing general partner or sole manager, or which is controlled by such individual and/or his/her Affiliates, directly or indirectly; and *(ii)* with respect to any person (other than an individual), any person (other than an individual) which controls, is controlled by, or is under common control with, such person, and any individual who is the sole general partner, sole managing general partner, sole manager, a trustee of, or who directly or indirectly controls, such person.

"**Agreement**" is defined in the introductory paragraph of this Agreement.

"**Articles of Organization**" is defined in Recital A.

"**Available Cash**" means the excess of the Company's cash and cash equivalents over the amount of cash needed by the Company, as determined by the Manager in its sole discretion, to *(i)* service its debts and obligations (contingent or otherwise) to any person (including, without limitation, to any Member or his/her/its Affiliate), in accordance with their terms, *(ii)* maintain adequate capital and reserves for, by way of example and not of limitation, working capital and reasonably foreseeable needs of the Company, and *(iii)* conduct its business and carry out its purposes.

"**Bankruptcy**," as to any person, means *(i)* applying for or consenting to the appointment of, or the taking of possession by, a receiver, custodian, trustee, administrator, liquidator, or the like of itself or of all or a substantial portion of his/her/its assets, *(ii)* admitting in writing his/her/its inability, or being generally unable or deemed unable under any applicable law, to pay his/her/its

debts as such debts become due, *(iii)* convening a meeting of creditors for the purpose of consummating an out-of-court arrangement, or entering into a composition, extension, or similar arrangement, with creditors in respect of all or a substantial portion of his/her/its debts, *(iv)* making a general assignment for the benefit of his/her/its creditors, *(v)* placing himself/herself or allowing himself/herself to be placed, voluntarily or involuntarily, under the protection of the law of any jurisdiction relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, *(vi)* taking any action for the purpose of effecting any of the foregoing, or *(vii)* if a proceeding or case shall be commenced against such person in any court of competent jurisdiction, seeking *(a)* the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of debts, of such person, *(b)* the appointment of a trustee, receiver, custodian, administrator, liquidator, or the like of such person or of all or a substantial portion of such person's assets, or *(c)* similar relief in respect of such person under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed for a period of ninety (90) days, or an order, judgment, or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for a period of sixty (60) days, or an order for relief or other legal instrument of similar effect against such person shall be entered in an involuntary case under such law and shall continue for a period of sixty (60) days.

"**Beneficial Interest**" means an interest, whether as partner, member, joint venturer, *cestui que trust*, or otherwise, a contract right or a legal or equitable position under or by which the possessor participates in the economic or other results of the business organization to which such interest, contract right, or position relates.

"**Book Value**" is defined in Section 3.4.2.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which banks are authorized or required by law to be closed in Phoenix, Arizona.

"**Capital Account**" is defined in Section 3.4.1.

"**Capital Commitment**" is defined in Section 3.1.2.

"**Capital Contribution**" means, with respect to each Member, at any point in time the total amount of money and the initial book value of any property other than money that such Member has contributed, through that point in time, to the capital of the Company. Any reference to the Capital Contribution of a Member shall include the Capital Contribution of a predecessor holder of the Interest of such Member.

"**Commitment Call**" is defined in Section 3.1.2.

"**Common Member**" or "**Common Members**" is defined in the introductory paragraph of this Agreement, and consists of Virtua Partners LLC (which is the Initial Member) and its respective successors and/or permitted assigns, and those other parties, if any, identified on Schedule I hereto as Common Members.

"**Communications**" is defined in Section 10.1.1.

"**Company**" is defined in Recital A.

"**Contribution Default**" is defined in Section 3.2.1.

"**Control**" (and its correlative terms "**controlled by**" and "**under common control with**") means with respect to any corporation, partnership, limited liability company, trust or other business organization, possession, directly or indirectly, by the applicable individual or individuals of the power to direct or cause the direction of the management and policies thereof, whether through the ownership of voting securities, by contract, or otherwise.

"**Day**" or "**days**" means each calendar day, including Saturdays, Sundays and legal holidays, or two or more of them, as the context requires; provided, however, that if the day in which a period of time for consent or approval or other action ends is not a Business Day, such period shall end on the next Business Day.

"**Default Rate**" means a per annum rate equal to the prime rate published from time to time in the Wall Street Journal plus 4%, or the highest rate permitted by law, whichever is less.

"**Depreciation**" means for each fiscal year of the Company or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable under the Code with respect to an asset for such year or other period, except that if the Book Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Book Value using any reasonable method selected by the Manager.

"**Disabled Member**" is defined in Section 6.6.1(ii).

"**Disabling Event**" is defined in Section 6.6.1(i).

"**Equity Security**" has the meaning ascribed to it in the Securities Exchange Act of 1934, as amended to the date hereof, and the rules and regulations thereunder.

"**Family Trust**" means, with respect to any individual, a trust for the benefit of such individual or for the benefit of any member or members of such individual's Immediate Family (for the purpose of determining whether or not a trust is a Family Trust, the fact that one or more of the beneficiaries but not the sole beneficiary of the trust includes a person or persons, other than a member of such individual's Immediate Family, entitled to a distribution after the death of the settlor if he, she, it or they shall have survived the settlor of such trust, which distribution is to be made of something other than an Interest and/or includes an organization or organizations exempt from federal income tax pursuant to the provisions of Sections 501(a) of the Code and

described in Section 501(c)(3) of the Code shall be disregarded); provided, however, that in respect of transfers by way of testamentary or *inter vivos* trust the trustee or trustees shall be solely such individual, a member or members of such individual's Immediate Family, a responsible financial institution, an attorney that is a member of the bar of any State in the United States, or an individual or individuals approved by the Manager.

"**Final Admission Date**" is defined in Section 3.1.3(ii).

"**Good Cause for Removal**" is defined in Section 5.3.2(i).

"**Immediate Family**" means, with respect to a person, *(i)* such person's spouse, *(ii)* such person's parents and grandparents, and *(iii)* ascendants and descendants (natural or adoptive, of the whole or half-blood) of such person's parents or of the parents of such person's spouse.

"**Indemnified Party**" is defined in Section 9.1.

"**Initial Admission Date**" is defined in Section 3.1.3(i).

"**Initial Member**" is defined in the introductory paragraph of this Agreement.

"**Interest**" means, with respect to each Member, all of such Member's right, title and interest in and to the Company, and in the property, assets and capital thereof, as well as his/her/its share in the Profits, Losses, items of income, gain, expense and distributions of the Company allocable under the provisions of this Agreement, and the Member's right of consent, approval and the like as and to the extent provided in this Agreement.

"**Interim Admission Date**" is defined in Section 3.1.3(ii).

"**Liquidator**" is defined in Section 8.1.1.

"**LLC Act**" means the Arizona Limited Liability Company Act, as amended or restated from time to time (or any successor law).

"**Losses**" is defined in Section 3.4.3.

"**Manager**" is defined in Section 5.1.1.

"**Majority Common Member Consent**" means the consent of the holders of more than one-half (1/2) of the Member Interests held by Common Members.

"**Majority Member Consent**" means the consent of the holders of more than one-half (1/2) of the aggregate Percentage Interests held by all Common Members and Preferred Members.

"**Majority Preferred Member Consent**" means the consent of the holders of more than one-half (1/2) of the Percentage Interests held by all Preferred Members.

"**Member**" means either a Common Member or a Preferred Member, or both, as the context requires, and "**Members**" means two or more of them, as the context requires.

"**Member Distributions**" is defined in Section 4.3.1.

"**Non-Contributing Member**" is defined in Section 3.2.1.

"**Omitted Contribution**" is defined in Section 3.2.1.

"**Percentage Interest**" is defined in Section 3.1.5.

"**Person**" means any natural person, partnership (general or limited), corporation, joint stock company, limited liability company, joint venture, business trust, cooperative association, or other form of business organization, whether or not regarded as a legal entity under applicable law, trust (inter vivos or testamentary) or governmental authority, and "**persons**" means two or more of them, as the context requires.

"**Preferred Member**" is defined in the introductory paragraph of this Agreement, and includes those individuals identified on Schedule I hereto as Preferred Members, which persons have made capital contributions to the Company and are entitled to priority capital distributions. Preferred Member is discussed in detail in Section 3.1 and "**Preferred Members**" means two or more Preferred Members, as the context requires.

"**Private Placement Memorandum**" means the confidential private placement memorandum to be prepared in connection with the Offering.

"**Proceeding**" is defined in Section 9.2.1.

"**Profits**" is defined in Section 3.4.3.

"**Project**" means any real estate property (whether office, retail, hospitality, industrial, residential, unimproved land or any other use type) owned directly by the Company or indirectly through an entity wholly owned or in any part owned by the Company, and "**Projects**" means two or more Projects, as the context requires.

"**Project Entity**" and "**Project Entities**" are defined in Section 2.1.

"**Project Entity Interest**" and "**Project Entity Interests**" are defined in Section 2.1.

"**Regulations**" means the Income Tax Regulations promulgated under the Code as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"**Resignation**" is defined in Section 5.3.1.

"**Securities Act**" means the federal Securities Act of 1933, as amended or restated from time to time (or any successor law).

"**Successor**" is defined in Section 6.6.1(iii).

"**Tax Matters Partner**" is defined in Section 4.8.

"**Tax Rate**" is defined in Section 4.4.

"**Third party**" or "**third parties**" means a person or persons who is or are neither a Member or Members nor an Affiliate or Affiliates of a Member or Members.

"**Total Capital**" is defined in Section 4.1.4(ii).

"**Total Capital Commitment**" is defined in Section 3.1.3(i).

"**Transfer**", with regard to an Interest, means any assignment, sale, transfer, conveyance, encumbrance, pledge, granting of an option or proxy, or other disposition or act of alienation, whether voluntary or involuntary, or entering into any agreement providing for any of the foregoing.

"**Unreturned Capital Contribution**" means, at any point in time, with respect to any Preferred Member, the excess of the Capital Contribution of such Preferred Member contributed to date, over the amounts theretofore distributed to him/her/it under Section 4.3 or 8.1 as a return of his/her/its Capital Contribution.

"**Versant**" and "**Versant Commercial Brokerage**" is defined in Section 5.7.4.

"**Virtua Partners**" is defined in the introductory paragraph of this Agreement.

ARTICLE II
PURPOSES AND POWERS

2.1 Purposes. The parties to this Agreement have organized the Company pursuant to the LLC Act and in accordance with this Agreement, for the purposes of:

(i) acquiring, investing in, owning, developing, holding, maintaining, repairing, rehabilitating, improving, expanding, financing, refinancing, mortgaging, leasing space in, managing and/or otherwise operating Projects;

(ii) selling, conveying, exchanging, transferring or otherwise disposing of Projects or any portion thereof or any interest therein;

(iii) investing in, acquiring, owning and holding ownership interests (individually, a "Project Entity Interest" and two or more of them, as the context requires, "Project Entity Interests") in entities formed for the purposes substantially set forth in items (i) and/or (ii)

hereof (individually, a "Project Entity," and two or more of them, as the context requires, "Project Entities"), and exercising all rights and powers of, and carrying out all obligations of, an owner of Project Entity Interests;

(iv) selling, conveying, exchanging, transferring, or otherwise disposing of Project Entity Interests or any portion thereof or any interest therein;

(v) providing financing (whether unsecured or secured by security interests in real property and/or membership interests in entities that own real property), and taking any and all actions relating to the administration of such financing (including, but not limited to, altering, modifying, extending, reducing, settling and/or taking any and all actions deemed necessary and/or desirable to enforce repayment of loans made by the Company (e.g. commencing foreclosures, trustee's sales and/or asset sales)); and

(vi) engaging in and performing any activities and exercising any powers permitted to be exercised by limited liability companies formed under the LLC Act that are related or incidental to the purposes set forth in items (i) through (iv) hereof, or necessary, incidental or related to the foregoing.

2.2 Powers. The Company shall have all such powers as are necessary or appropriate to carry out its purposes as described in Section 2.1 hereof. Except as expressly and specifically provided in this Agreement, no Member shall have any authority to act for, bind, commit, or assume any obligation or responsibility on behalf of the Company, its properties, or the other Members. No Member, in his/her/its capacity as a Member under this Agreement, shall be responsible or liable for any indebtedness or obligation of any other Members, nor shall the Company be responsible or liable for any indebtedness or obligation of any Member, incurred either before or after the execution and delivery of this Agreement by such Member, except as to those responsibilities, liabilities, indebtedness, or obligations incurred pursuant to and as limited by the terms of this Agreement or incurred pursuant to the LLC Act.

ARTICLE III
MEMBERS AND FUNDING

3.1 Members' Capital Commitments, Delivery of Capital Commitments and Percentage Interests.

3.1.1 The Manager is hereby authorized to offer, on behalf of the Company, ownership interests in the Company from time to time to investors who agree to make cash contributions to the Company, and to admit such persons as Preferred Members. The terms and conditions of the admission of Preferred Members to the Company (including the amount of the cash Capital Contribution of each Preferred Member) shall be determined by the Manager. As the Manager admits particular Preferred Members to the Company, it shall fill out and attach to this Agreement a revised Schedule I (identifying the investors admitted as Preferred Members), which revised Schedule I shall thereupon be deemed to be part of this Agreement and which shall amend and supersede any previous Schedule I theretofore attached to this Agreement. A Preferred Member shall be deemed to have been admitted as a Member of the Company at such time as

he/she/it has satisfied the conditions for admission established by the Manager from time to time, including compliance with Section 3.1.2 below, having made its initial installment of cash contribution and executed a Counterpart Member Signature Page (in the form attached hereto), and the Manager has accepted such Preferred Member under the Company's Offering and has updated Schedule I to this Agreement listing him/her/it as a Preferred Member.

3.1.2 In connection with his/her/its admission to the Company, each Preferred Member hereby undertakes and agrees to contribute cash to the capital of the Company in the total amount set forth opposite his/her/its name on Schedule I (in each case, his/her/its "Capital Commitment"), as follows:

(i) Preferred Members shall each be required to contribute an initial installment of cash upon his/her/its admission to the Company in the amount required by the Manager.

(ii) Preferred Members shall each be required to make cash contributions equal to the unpaid balance of their Capital Commitments, from time to time, in installments, in the amounts determined by the Manager, as follows:

(A) The Manager shall be entitled to call for the payment of such additional installments of Capital Commitments at the time and in the amount it elects in the exercise of its discretion ("Commitment Call"). The Manager shall send the Preferred Members a written Commitment Call setting forth the total amount and purpose of the cash contributions to be contributed by Preferred Members, the portion of his/her/its respective Capital Commitment required to be contributed by each Preferred Member, and the final date, not less than 10 Business Days from the date of the written Commitment Call, by which the Preferred Members' installments are due. Each Preferred Member shall be required to contribute the amount set forth in the written Commitment Call by the deadline set forth in the Call.

(B) No Preferred Member shall be obligated to contribute to the Company any amount in excess of his/her/its Capital Commitment, except that a Preferred Member shall be obligated to repay to the Company the amount of any distributions theretofore made to him/her/it by the Company (up to the contributed portion of his/her/its Capital Commitment), as and to the extent the Manager determines the Company requires such funds to satisfy operating deficits. A call for, and delivery of, such funds shall be accomplished in the same manner as the Commitment Call described in item (ii)(A).

Each Preferred Member's contributions of his/her/its Capital Commitment shall be payable in cash or in immediately available funds by wire transfer to a Company account designated by the Manager.

3.1.3 The Manager shall admit investors as Preferred Members at the following times:

(i) The Manager shall admit the initial group of Preferred Members at such time as it has received acceptable subscriptions from one or more investors undertaking to make Capital Commitments (the date of such admission being referred to herein as the "Initial

Admission Date"). The total Capital Commitments of all Preferred Members admitted to the Company are referred to in this Agreement as the "Total Capital Commitment."

(ii) The Manager may admit investors as Preferred Members from time to time after the Initial Admission Date (each such interim admission date being referred to as an "Interim Admission Date"), until the final admission date (the "Final Admission Date") which shall be the earlier of: *(i)* the date on which the Manager has admitted Preferred Members whose Capital Commitments aggregate $100,000,000.00; or (*ii)* such date as the Manager shall determine.

3.1.4 Preferred Member Capital Contributions shall be used to satisfy the costs of organizing the Company and admitting Preferred Members, investigating potential property acquisitions, purchasing Projects and Project Entity Interests, paying financing-related expenses, funding repairs and improvements, establishing reserves and otherwise satisfying Company obligations and carrying out its purposes.

3.1.5 The Percentage Interest ("Percentage Interest") *(i)* of each Preferred Member herein shall be the result of 50% multiplied by a fraction, the numerator of which is that Preferred Member's Capital Contribution and the denominator of which is the sum of all Preferred Members' Capital Contributions, and *(ii)* of the Common Member(s) shall be 50%.

3.2 Matters Relating to Preferred Member's Failure to Contribute Additional Funds.

3.2.1 In the event a Preferred Member fails to timely contribute any amount required in accordance with Section 3.1 hereof (such Preferred Member being referred to as the "Non-Contributing Member", such non-contributed amount being referred to as the "Omitted Contribution", and such failure being referred to as the "Contribution Default"), the Company and the Manager may take any one or more of the following actions, to which each Preferred Member hereby consents:

(i) The Company may charge the Non-Contributing Member interest from and after the date of the Contribution Default until the date of payment at the Default Rate, and may withhold any amounts otherwise distributable to the Non-Contributing Member pursuant to Sections 4.3 or 8.1, or otherwise, and may apply such amounts toward the payment of the Omitted Contribution, the accrued interest thereon and any expenses of collection, in any order.

(ii) The Company may deny the Non-Contributing Member the right to participate in any vote or consent of the Preferred Members or Members required or permitted under this Agreement or otherwise, in which event the Percentage Interest of such Non-Contributing Member shall be excluded from the calculation of the aggregate Percentage Interests of Members for purposes of determining the Majority Preferred Member Consent.

(iii) The Company may initiate and pursue legal proceedings against the Non-Contributing Member to collect the Omitted Contribution together with interest thereon at the Default Rate, plus any expenses of collection (including attorneys' fees).

(iv) The Company may request the Initial Member or its Affiliate to make an advance to the Company in the amount of the Omitted Contribution. The Initial Member or its Affiliate may at its election (but shall not be obligated to) fund such advance. The advance shall be deemed to be a loan from the Initial Member or its Affiliate to the Non-Contributing Member and the delivery by the Non-Contributing Member of the Omitted Contribution to the Company. Any and each such loan shall be on such commercially reasonable terms and conditions as may be determined by the lending Initial Member/Affiliate and approved by the Manager, and may be payable on demand or other commercially reasonable terms as determined by the lending Initial Member/Affiliate and approved by the Manager. In the event such a loan is made, any distributions otherwise allocable to the Non-Contributing Member from the Company shall, instead of being distributed to the Non-Contributing Member, be paid to the Initial Member or its Affiliate (as applicable) for application against the amounts payable under such loan. The Non-Contributing Member shall not as a result of the making of such loan by the Initial Member or its Affiliate (as applicable) be treated as having cured his/her/its default, but he/she/it shall continue to be a Non-Contributing Member until the principal of, and all accrued interest on, such loan has been paid in full.

(v) The Company may elect to designate the Non-Contributing Member as an inactive Preferred Member, whereupon, notwithstanding anything in this Agreement to the contrary, the Non-Contributing Member shall have no further right to receive distributions from the Company pursuant to Sections 4.3 or 8.1 or otherwise, except that, should proceeds be distributable to the Members from any capital event, the Non-Contributing Member shall be entitled to a distribution equal to his/her/its Unreturned Capital Contributions pro rata with the return of the Unreturned Capital Contributions of other Preferred Members, in full and final settlement of any amounts distributable to him/her by the Company and of any and all claims that such Non-Contributing Member might assert against the Company. Upon designation as an inactive Preferred Member, the Non-Contributing Member shall have no further obligation to make contributions pursuant to Section 3.1 hereof; however, any amount distributed to him/her/it in accordance with this item (v) shall be subject to repayment to the Company pursuant to item (ii)(B) of Section 3.1.2. Any subsequent allocations of Profits and Losses to the Non-Contributing Member shall be adjusted as appropriate to take into account the provisions of this item (v).

3.2.2 Nothing contained in Section 3.2.1 hereof shall be deemed to be an exclusive remedy, and the Company and the Manager shall have, and shall be entitled to exercise, any other remedy available at law or in equity as a consequence of a Non-Contributing Member's default hereunder.

3.3 Return of Capital Contributions; No Interest on Capital Contributions or Capital Accounts. No Member shall have the right to withdraw his/her/its Capital Contribution or to demand or receive the return of his/her/its Capital Contribution, or any portion thereof, except as otherwise expressly provided in this Agreement. To the extent that any Member shall ever have the right to withdraw or to be repaid his/her/its Capital Contribution, no Member shall be personally liable or responsible for the return of such Capital Contribution, and any such return shall be made solely from the assets of the Company. Except as specifically provided herein with regard to the Priority Return, no Member shall receive any interest or return in the nature

of interest on his/her/its contributions to the capital of the Company, or on the positive balance, if any, in his/her/its Capital Account.

3.4 Capital Accounts.

3.4.1 The Company shall establish and maintain a separate capital account ("Capital Account") for each Member, including a substituted member who shall, pursuant to the provisions hereof, acquire an Interest, which Capital Account shall be:

(i) credited with the amount of cash and the initial Book Value (net of liabilities secured by such contributed property that the Company assumes or takes subject to) of any other property contributed by such Member to the capital of the Company, such Member's distributive share of Profits, and any items of income or gain that are allocated to such Member pursuant to Section 4.1 hereof; and

(ii) debited with the amount of cash and the Book Value (net of liabilities secured by such distributed property that such Member assumes or takes subject to) of any Company property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses, and any items of expense or loss that are allocated to such Member pursuant to Section 4.1 hereof.

In the event that a Member's Interest or a portion thereof is transferred in accordance with the provisions of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent that it relates to the Interest or portion thereof so transferred.

In the event that the Book Values of Company assets are adjusted as described below in Section 3.4.2(ii) hereof, the Capital Accounts of all Members shall be adjusted simultaneously to reflect the aggregate net adjustments as if the Company recognized gain or loss for federal income tax purposes equal to the amount of such aggregate net adjustment.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b) and shall be interpreted and applied as provided in such Regulations. In accordance with Section 1.704-1(b)(2)(iv)(q) of the Regulations, each Member's Capital Account shall be adjusted in a manner that maintains equality between the aggregate of all of the Members' Capital Accounts and the amount of capital reflected on the Company's balance sheet as computed for book purposes.

3.4.2 For the purpose of this Agreement, the term "Book Value" means, with respect to any asset, such asset's adjusted basis for federal income tax purposes, except:

(i) the initial Book Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset;

(ii) the Book Values of all Company assets may, at the election of the Manager, be adjusted to equal their respective gross fair market values, as determined by the Manager, as

of the following times: *(A)* the acquisition from the Company, in exchange for more than a *de minimis* capital contribution, of an Interest by an additional Member or of an additional Interest by an existing Member; *(B)* the distribution by the Company to a Member of more than a *de minimis* amount of Company property as consideration for an interest in the Company; and *(C)* the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) provided that there is an in-kind distribution of property or an installment sale of Company assets;

(iii) if the Book Value of an asset has been determined or adjusted as provided in item (i) or (ii) hereof, such Book Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses; and

(iv) the Book Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution.

3.4.3 For the purpose of this Agreement, the terms "Profits" and "Losses" mean, for each fiscal year of the Company or other period, the Company's taxable income or loss for such fiscal year or other period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), adjusted as follows:

(i) any tax-exempt income of the Company described in Section 705(a)(1)(B) of the Code and not otherwise taken into account in computing Profits or Losses pursuant to this Section 3.4.3 shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Code Section 705(a)(2)(B) expenditures pursuant to Section 1.704-1(b)(2)(iv)(i) of the Regulations, and not otherwise taken into account in computing Profits or Losses pursuant to this Section 3.4.3 shall be subtracted from such taxable income or loss;

(iii) in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period;

(iv) any gain or loss realized by the Company on the sale or other disposition of any property or asset of the Company shall be computed by reference to the Book Value of such property or asset, notwithstanding that its Book Value differs from its adjusted tax basis; and

(v) any items that are specially allocated pursuant to Sections 4.1.2 or 4.1.3 hereof, or allocated solely for tax purposes pursuant to Section 4.2 hereof, shall not be taken into account in computing Profits or Losses.

3.4.4 Except as expressly provided in this Agreement, no Member shall *(i)* have the right to withdraw any part of his/her/its Capital Account or to demand or receive the return of his/her/its capital contributions, or any part thereof, or to receive any distributions from the Company, *(ii)* be entitled to make any contribution to the capital of, or any loan to, the Company,

or *(iii)* have any liability for the return of any other Member's Capital Account or contributions to the capital of the Company.

3.5 Company Loans. The Company may borrow funds from lenders from time to time to satisfy contractual commitments or other obligations, to fund operations or to otherwise carry out the purposes of the Company. Such obligations may be secured by security interests in and/or liens upon the assets of the Company. The Initial Member or its Affiliate may be the lender with respect to any of such loans (although neither the Initial Member nor any Affiliate shall be obligated to make any such loans). Any loans made by the Initial Member or its Affiliate shall be on such commercially reasonable terms and conditions as may be approved by the Manager in the exercise of its sole discretion, and shall, at the election of the Manager, provide for repayment of principal and interest in full prior to any distributions pursuant to Sections 4.2 or 8.1, or otherwise. All loans from Members (including those identified in Sections 3.2.1(iv) and 3.2.1(v) above) shall be liabilities of the Company, shall be treated by the Company as loans from unrelated persons for all purposes, but shall be nonrecourse to the Members of the Company.

ARTICLE IV
ALLOCATIONS AND DISTRIBUTIONS; ACCOUNTING MATTERS

4.1 Allocations.

4.1.1 After giving effect to the allocations set forth in Sections 4.1.2 and 4.1.3 below, items of income, gain, expense or loss includable in Profit or Loss for any fiscal year shall be allocated among the Members so that, at the end of such year, the Capital Account of each Member is, as nearly as possible, positive in the amount that the Company would distribute to such Member if the Company were to distribute any surplus (positive balance) in Total Capital among the Members in accordance with Section 4.3.1 below; provided, however, that no Losses or item of expense or loss shall be allocated to any Member for any fiscal year to the extent that such allocation would create or increase a deficit in such Member's Adjusted Capital Account (as hereinafter defined).

4.1.2 After giving effect to the allocations set forth in Section 4.1.3 below, items of gross income and gain shall be allocated to each Member in an amount and manner sufficient to eliminate, as quickly as possible, any deficit in such Member's Adjusted Capital Account to the extent that such deficit is created or increased by any unexpected adjustments, allocations or distributions described in Section 1.704-1(b)(2)(ii)(d)(4)-(6) of the Regulations. This Section 4.1.2 and the provisions of Section 4.1.1 are intended to comply with the "alternate test for economic effect" in Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

4.1.3 If, for a fiscal year, there is an increase in the amount by which any liability of the Company exceeds the assets of the Company which are subject to such liability (as determined under Section 1.704-2(d)(2)(ii) of the Regulations), such that there is a net increase in "partnership minimum gain" or "partner nonrecourse debt minimum gain" of the Company, then *(i)* any "nonrecourse deductions" related to an increase in "partnership minimum gain" for such year

shall be allocated among the Members pro rata, based upon their Percentage Interests, and *(ii)* any "partner nonrecourse deductions" related to an increase in "partner nonrecourse debt minimum gain" shall be allocated to the Member who bears the economic risk of loss with respect to the liability to which such "partner nonrecourse deductions" are attributable. If, for any fiscal year, there is a decrease in the amount by which any liability of the Company exceeds the assets of the Company subject to such liability (as determined under Section 1.704-2(d)(2)(ii) of the Regulations), then *(i)* each Member shall be specially allocated gross income in the amount of such Member's share of any net decrease in "partnership minimum gain" in accordance with Section 1.704-2(f) of the Regulations, and *(ii)* each Member shall be specially allocated gross income in the amount of such Member's share of any net decrease in "partner nonrecourse debt minimum gain" as and to the extent required by Section 1.704-2(i)(4) of the Regulations. For purposes of applying the provisions of Sections 4.1.1 and 4.1.2 in any year at the end of which there is "partnership minimum gain" or "partner nonrecourse debt minimum gain" of the Company, *(i)* each Member's Capital Account and Adjusted Capital Account shall be increased by the sum of such Member's "share of partnership minimum gain" and "share of partner nonrecourse debt minimum gain," and *(ii)* Total Capital shall be increased by the sum of "partnership minimum gain" and "partner nonrecourse debt minimum gain".

4.1.4 For purposes of this Section 4.1:

(i) "**Adjusted Capital Account**" means, with respect to any Member as of the end of any fiscal year, such Member's Capital Account *(i)* reduced by those anticipated allocations, adjustments and distributions described in Section 1.704-1(b)(2)(ii)(d)(4)-(6) of the Regulations, and *(ii)* increased by the amount of any deficit in such Member's Capital Account that such Member is deemed obligated to restore under Section 1.704-1(b)(2)(ii)(c) of the Regulations as of the end of such fiscal year (taking into account such Member's obligation to contribute capital pursuant to Section 3.1.2 hereof).

(ii) "**Total Capital**" at the end of any year means the total amount of capital (assets, at their Book Values, minus liabilities) appearing on the Company's balance sheet (taking into account Profits, Losses and all items of income, gain, expense or loss for such year).

(iii) All terms set off in quotation marks and not otherwise defined shall have the meanings ascribed to them in Section 1.704-2 of the Regulations.

4.2 Allocations Solely for Tax Purposes.

4.2.1 In accordance with Section 704(c) of the Code and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for federal income tax purposes, be allocated among the Members so as to take account of any difference between the adjusted basis of such property to the Company for federal income tax purposes and the initial Book Value of such property. If the Book Value of any Company property is adjusted pursuant to Section 3.4.2(ii) of this Agreement, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any difference between the adjusted basis of such asset for federal income tax purposes and the Book Value of such asset in the manner prescribed under Section 704(c) of the Code and the

Regulations thereunder. The Manager may choose any permissible method to reconcile such difference.

4.2.2 In the event of a sale or exchange of a Member's Interest or a portion thereof or upon the death of a Member, if the Company has not theretofore elected, pursuant to Section 754 of the Code, to adjust the basis of Company property, the Manager shall cause the Company to elect, if the person acquiring such Interest or portion thereof so requests, pursuant to Section 754 of the Code, to adjust the basis of Company property. In addition, in the event of a distribution referred to in Section 734(b) of the Code, if the Company has not theretofore elected, the Manager may, in the exercise of its discretion, cause the Company to elect, pursuant to Section 754 of the Code, to adjust the basis of Company property. Such adjustments shall not be reflected in the Members' Capital Accounts and shall be effective solely for federal and (if applicable) state and local income tax purposes. Each Member hereby agrees to provide the Company with all information necessary to give effect to such election. Any change in the amount of the depreciation deducted by the Company and any change in the gain or loss of the Company, for federal income tax purposes, resulting from such an election shall be allocated entirely to the transferee of the Interest or portion thereof so transferred. Neither the capital contribution obligations of, nor the Interests of, nor the amount of any cash distributions to, the Members shall be affected as a result of such election, and the making of such election shall have no effect except for federal and (if applicable) state and local income tax purposes.

4.2.3 Except as otherwise provided in this Section 4.2, for federal income tax purposes, each item of income, gain, loss, or deduction shall be allocated among the Members in the same manner as its correlative item of "book" income, gain, loss, or deduction has been allocated pursuant to Section 4.1.

4.2.4 Such portion of the gain allocated pursuant to this Section 4.2 that is treated as ordinary income attributable to the recapture of depreciation shall, to the extent possible, be allocated among the Members in the proportion that *(i)* the amount of depreciation previously allocated to each Member relating to the property that is the subject of the disposition bears to *(ii)* the total of such depreciation allocated to each of the Members. This Section 4.2.4 shall not alter the amount of allocations among the Members pursuant to this Agreement, but merely the character of gain so allocated.

4.3 Distributions of Available Cash.

4.3.1 The Company shall, at such reasonable time or times as shall be determined by the Manager, distribute Available Cash among the Members ("Member Distributions") as follows:

(i) First, 100% to the Preferred Members, until such time as the Preferred Members have received a 15% cumulative return on an annual non-compounded basis on their Unreturned Capital Contributions ("Accrued Annual Priority Return");

(ii) Second, to the Preferred Members, an amount equal to their Unreturned Capital Contributions; and

(iii) Third, (A) 50% to the Preferred Members, and (B) 50% to the Common Member(s).

All Member Distributions payable by the Company to a particular class of Members will, to the extent applicable, be distributed amongst the Members of such class of membership in proportion to their respective membership interests within the class.

4.3.2 To the extent Company funds are insufficient to distribute to all Preferred Members the full amounts distributable under Section 4.3.1, the total amount available for distribution with respect to each such item shall be distributed among the Preferred Members pro rata based on the total amount distributable to each of them under such item.

4.3.3 Notwithstanding the foregoing, no distribution shall be declared or made if, after giving it effect, the Company would not be able to pay its debts as they become due in the usual course of business or the Company's total assets would be less than the sum of its total liabilities.

4.3.4 The calculations made under Section 4.3.1(iii) will credit the Common Member(s) as having already received [and applied to its Member Distributions otherwise to be received by the Common Member(s) pursuant to Section 4.3.1(iii)] an amount equal to a "Pro Rata Amount" (as further defined in this subsection) of any profit distributions received by any entity owned 100%, directly or indirectly (i.e. as a subsidiary), by Quynh Palomino or Lloyd W. Kendall Jr., or by them jointly (each, an "Affiliate Development Entity") in which the Company has invested Company cash for the purpose of funding the acquisition and potential development of, or investment in, commercial real estate (each, an "Affiliate Development Funding Investment"). Such credit will only be given for profit distributions, and will not apply to any fees for services rendered by any Affiliate Development Entities or any other entities. Such credit will not apply, for example, to any brokerage fees received by Versant Commercial Brokerage, Inc. for brokerage services paid to it by any such Affiliate Development Entity. The Pro Rata Amount will be determined by applying a percentage to such distributions received by the Affiliate Development Entity equal to the amount of the Affiliate Development Funding Investment divided by the total amount of all capital invested or contributed by all parties in the relevant Affiliate Development Entity. In no event will application of the credit provided by this Section 4.3.4 result in a negative amount owed by Common Member(s) to Company or Preferred Members.

4.4 Tax Distributions. Notwithstanding anything in Section 4.3 to the contrary, the Manager may, without obligation, and subject to applicable laws and any covenant or restriction contained in the Company's loan agreements and other agreements or obligations to which the Company or the Projects are subject, cause the Company to distribute to each of the Members, which, for clarity, includes the Common Members, with respect to each fiscal year of the Company an amount of cash which in the good faith judgment of the Manager equals the Tax Rate multiplied by the excess of cumulative Profits and items of income or gain allocated to such Member from the Company's inception over cumulative Losses and items of expense or loss allocated to such Member from the Company's inception. For this purpose, "Tax Rate" means the maximum marginal rates of Federal income tax applicable to individuals, provided, however, that if such rate changes during the term of this Agreement, then the "Tax Rate" applicable to the excess

described in the preceding sentence shall be determined by multiplying each year's Profit or Loss and items of income, gain, expense or loss by the rate in effect for such year, aggregating the amounts so computed, and dividing the aggregate amount into the excess described in the preceding sentence. Any distribution to a Member pursuant to this Section 4.4 which exceeds the amount that would have been distributed to such Member had the amount distributed pursuant to this Section 4.4 been distributed pursuant to Section 4.3 shall be treated as an advance distribution under Section 4.3 and shall be offset against subsequent distributions that such Member would otherwise be entitled to receive pursuant to Section 4.3. Such distributions, if any, shall be made at the discretion of the Manager not more often than on a quarterly basis, and shall only be made to the extent there is Available Cash and to the extent such distributions are allowable by law.

4.5 Books of Account. The Company shall maintain at its principal office complete and accurate books of account and records of its operations showing the assets, liabilities, costs, expenditures, receipts, profits, and losses of the Company (which books of account and records shall include provision for separate Capital Accounts for the Members), together with copies of all documents executed on behalf of the Company. Each Member and his/her/its duly authorized representative shall have the right to inspect and examine, during normal business hours and with reasonable notice, at any office of the Company, all such books of account, records, and documents.

4.6 Reports and Tax Returns.

4.6.1 Within 90 days after the end of each fiscal year of the Company, the Manager shall cause to be prepared and transmitted to each Member, an unaudited annual report of the Company relating to the previous fiscal year of the Company, containing a statement of financial condition as of the year then ended, and a statement of operations, available cash, and Company equity for the year then ended. In addition, the Manager will cause to be distributed to Members quarterly operating statements within 45 days of the end of each quarter, as well as descriptions of new acquisitions and dispositions.

4.6.2 As soon as possible but in no event later than 90 days after the end of each fiscal year, provided that the Company has sufficient information, the Company shall cause to be prepared and transmitted to the Members federal and appropriate state and local Company Income Tax Schedules "K-1," or any substitute therefor, with respect to such fiscal year on appropriate forms prescribed.

4.7 Fiscal Year. The Company's fiscal year shall be the calendar year.

4.8 Tax Matters Partner. As used in this Agreement, "Tax Matters Partner," has the meaning set forth in Section 6231(a)(7) of the Code. The Initial Member is hereby designated the Tax Matters Partner for the Company and it will serve in such capacity for so long as it is a Member of the Company. The Tax Matters Partner shall comply with the requirements of Sections 6221 through 6231 of the Code applicable to a Tax Matters Partner. To the fullest extent permitted by law, the Company shall and does hereby indemnify, defend, and hold harmless the Tax Matters Partner from any claim, demand, or liability, and from any loss, cost, or expense including, without limitation, attorneys' fees and court costs, which may be asserted against, imposed upon, or suffered by the Tax Matters Partner by reason of any act performed for or

on behalf of the Company in its capacity as Tax Matters Partner to the extent authorized hereby, or by reason of any omission, except acts or omissions that constitute gross negligence or willful misconduct. Any indemnity under this Section 4.8 shall be provided out of and to the extent of Company assets only, and no Member shall have any personal liability on account thereof. The indemnity provided in this Section 4.8 shall survive the liquidation, dissolution, and termination of the Company and the termination of this Agreement.

4.9 Bank and Investment Accounts.

4.9.1 A representative of the Manager may: open and maintain one or more bank and/or investment accounts in the name of the Company with such financial institutions and/or firms as the Manager shall determine; rent and obtain access to safety deposit boxes or vaults; may purchase certificates of deposit; and sign and deliver checks, written directions or other instruments to withdraw all or any part of the funds belonging to the Company and on deposit in any such bank or investment accounts.

4.9.2 The Manager is authorized to invest all cash of the Company, including Capital Contributions, amounts realized upon sale or refinancing of a Project or Project Entity Interest and miscellaneous income, in short-term investments. For purposes hereof, "*short-term investments*" shall mean *(i)* any direct obligations of, or obligations which are guaranteed by, the United States of America, *(ii)* certificates of deposit, time deposits, demand deposits and bankers acceptances of banks or trust companies believed by the Manager to be creditworthy, *(iii)* commercial paper or finance company paper which is rated not less than prime-one or A-1 or their equivalents by Moody's Investor Service, Inc. or Standard & Poor's Rating Services or their successors, *(iv)* any repurchase agreement secured by any one or more of the foregoing, *(v)* money market funds, and *(vi)* similar liquid securities intended to provide for the preservation of principal.

ARTICLE V
MANAGEMENT AND RELATED MATTERS

5.1 Management.

5.1.1 The business and affairs of the Company shall be managed by and under the direction of a manager (the "Manager"), who shall be the "manager" of the Company as provided in the LLC Act, and who (acting alone and without the approval of any Member) shall have the full, exclusive and absolute right, power and authority to manage and control the Company and the property, assets and business thereof, to make all decisions affecting the Company, and to do all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein, including, without limiting the generality of the foregoing, the right to do the following:

(i) Acquire Projects, and, where it is desirable that ownership of any Project be held through an entity wholly owned or substantially owned by the Company, to form such an entity, cause such entity to acquire title to the Project, manage or appoint an Affiliate to manage such entity and make all decisions on behalf of such entity if appropriate, and, in connection

therewith, enter into, deliver and perform any and all agreements, documents and/or instruments, and take any and all actions with respect thereto;

(ii) Acquire Project Entity Interests and vote and exercise the rights and carry out the Company's responsibilities and obligations to the Project Entities in which such Project Entity Interests are held, and, in connection therewith, enter into, deliver and perform agreements, documents and instruments (including articles, certificates, operating agreements, limited liability company agreements and partnership agreements), and take any and all actions with respect thereto;

(iii) Acquire any other property or asset necessary or appropriate, in its sole discretion, to the business of the Company;

(iv) Borrow money and incur other debts and obligations from any person (including, but not limited to, borrowings from, and debts and obligations to the Initial Member and its Affiliates pursuant to Section 3.5), and pay any fees and expenses as may be required in connection therewith on such terms as may be acceptable to it, and issue evidences of indebtedness in connection therewith, and secure any such debts or obligations by mortgage, pledge or other lien on, or security interest in, any property or asset, including, but not limited to, a loan to refinance any debt secured by a security interest in or pledge of a Project or Project Entity Interest, or any portion thereof, and execute and/or deliver any and all documents, instruments and/or agreements as may be necessary or appropriate to evidence such indebtedness, including, without limitation, mortgages, deeds of trust, assignments of leases and rents, security agreements and collateral assignments of member or partnership interest;

(v) Change the amount of, modify, amend or change the terms of or security for, extend the time for the payment of, or retire, discharge or refinance any indebtedness or obligation of the Company, and change the amount or value of, modify or change the nature or type of, or make any other modifications or changes with respect to, any security granted or collateral given for any Company indebtedness or obligation; and amend, modify or change the terms of any agreement, instrument or document with respect to any such security or collateral;

(vi) Establish and maintain such reserves in such amounts and for such purposes as the Manager shall determine in its discretion;

(vii) Negotiate, execute, enter into, and perform agreements for the sale, exchange (including exchanges provided for under Section 1031 of the Code) or other disposition of all, or any part of or any interest in, a Project and/or Project Entity Interest, or any other property or asset of the Company, or any portion thereof, including, but not limited to, the granting of options with respect thereto, and take any and all actions with respect thereto;

(viii) Endorse, accept or guaranty the payment of any note, draft or other obligation; make contracts of guaranty or suretyship or otherwise; assume liability for payment of the obligations of others; and negotiate and enter into indemnity and hold harmless agreements from, or for the benefit of, the Company;

(ix) Make or revoke any election permitted the Company by any taxing authority;

(x) Sue on, defend, compromise, settle or otherwise adjust any and all claims or liabilities in favor of or against the Company, including claims arising out of the conduct of the affairs of the Company, prosecute or defend any appeal (including the appeal of any property tax assessment), submit any and all such claims or liabilities to arbitration, and confess a judgment against the Company in connection with any litigation in which the Company may be involved;

(xi) Maintain, at the expense of the Company, such insurance coverage (including coverage for public liability, workers' compensation and acts or omissions of the Manager and its Affiliates), and any and all other risks as may be necessary or appropriate to the Company's business, in such amounts and of such types as the Manager shall determine from time to time;

(xii) Retain, employ, consult with and/or coordinate the services of employees, supervisors, legal counsel, accountants, architects, independent consultants and other persons necessary or appropriate to carry out the Company's business, and pay the fees therefor;

(xiii) Enter into contracts and obtain property, goods and/or services or other items of any type or kind for the Company, and pay the purchase price, costs, fees, commissions, compensation and/or other amounts and/or consideration therefor;

(xiv) Establish and maintain reserves for such purposes as the Manager shall determine in its sole judgment;

(xv) Enter into joint ventures, general or limited partnerships, limited liability companies and other combinations or associations, and/or convert the Company into another form of business entity;

(xvi) Enter into subscription agreements in connection with the acquisition of Interests by the subscribers identified therein, and admit them to the Company as Preferred Members;

(xvii) Make a general assignment for the benefit of creditors; file or contest the filing of a voluntary petition for relief under the Federal bankruptcy code or similar debtor relief law; file a petition or answer to a petition seeking consolidation, reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, and/or seek or contest the appointment of a trustee, receiver or liquidator of the Company or of all or a substantial part of its assets or take any other action in connection therewith; convey title to Projects and/or Project Entity Interests, or any portion thereof or interest therein in connection with a foreclosure or deliver an assignment in lieu of foreclosure or similar debtor relief action; and take any other actions which the Manager determines are necessary to avoid a foreclosure by any mortgage lender; and

(xviii) Execute all other agreements, instruments and/or documents of any kind or character, and take all actions of any kind or character as the Manager in its sole discretion deems necessary, appropriate or incidental to the Company or the property, assets or business thereof.

5.1.2 The Members acknowledge that all actions, decisions, determinations, designations, directions, appointments, consents, approvals, selections and the like ("Actions and Decisions") made by the Manager in accordance with the authority granted herein are intended to and shall be controlling and binding on the Company and the Preferred Members in their capacity as members of the Company.

5.1.3 The Members, by their execution and delivery of this Agreement, irrevocably authorize the Manager to do any act that the Manager has the right, power and authority to do under the provisions of this Agreement, without any other or subsequent, authorizations, approvals or consents of any kind. No person dealing with the Company shall be required to investigate or inquire as to the authority of the Manager to exercise the rights, powers and authority herein conferred upon it. Any person dealing with the Company shall be entitled to rely upon any action taken and/or any document or instrument executed and delivered by the Manager or a person or persons designated by the Manager, and the Company shall be bound thereby.

5.2 Appointment of Manager and Successors.

5.2.1 VHGF Management, LLC, an Arizona limited liability company ("VHGF Management"), is the initial Manager of the Company. Each Manager shall serve as the Manager of the Company until its Resignation (as defined below).

5.2.2 Upon the resignation or removal of the initial Manager or any successor, the Common Member(s), as the case may be, shall appoint a successor to serve as the Manager, whereupon such successor shall be deemed to be the Manager of the Company. References in this Agreement to the "Manager" shall mean the initial Manager or any successor Manager appointed in accordance with this provision.

5.2.3 No Manager shall be required to be a Member.

5.3 Resignation of Manager.

5.3.1 For purposes hereof, the "Resignation" of a Manager shall occur at the time of *(i)* the voluntary resignation of the Manager as the Manager of the Company evidenced by his/her/its written notice of resignation to the Members, *(ii)* the occurrence of a Disabling Event as to the Manager, *(iii)* the removal of the Manager in accordance with Section 5.3.2 below, or *(iv)* the Manager's position as the manager of the Company otherwise becomes vacant.

5.3.2 The Manager may be removed as the manager of the Company in the following manner:

(i) If one or more Preferred Members have determined that Good Cause for Removal of the Manager exists, such Preferred Members shall send a written notice to the other Preferred Members, the Common Members, and the Manager setting forth their proposal that the Manager be removed, as well as a detailed explanation of the basis for their determination that Good Cause for Removal exists. Upon the written Majority Member Consent, the resignation of the Manager shall be deemed to have occurred. For purposes hereof, "Good Cause for Removal" means fraud, willful misconduct or material violation of the provisions of this Agreement.

(ii) If one or more Preferred Members have determined to remove the Manager notwithstanding the absence of Good Cause for Removal, such Preferred Members shall send a written notice to the other Preferred Members, the Common Members, and the Manager setting forth their desire to remove the Manager. Upon the written Majority Member Consent, the removal of the Manager shall be deemed to have occurred.

(iii) Upon the resignation or removal of the Manager in a manner other than as set forth in items (i) or (ii) above, a substitute Manager shall be appointed as provided in Section 5.2.2 above.

5.3.3 Following the Manager's resignation or removal as the Manager and prior to the appointment of the successor Manager, the Company shall not acquire any additional Projects or Project Entity Interests and the Preferred Members shall have no further obligation to deliver Capital Commitments to fund acquisitions of Projects or Project Entity Interests, although nothing set forth herein is intended to relieve Preferred Members of making, and Preferred Members shall continue to be obligated to make, Capital Contribution installments to satisfy legally-binding commitments for the acquisition of new Projects and/or Project Entity Interests that were entered into prior to such resignation or removal, and legally-binding commitments for purposes other than acquisitions.

5.3.4 Should any Manager at any time also be a Member, its Resignation as a Manager shall have no effect on its status as a Member, and following its Resignation, it shall continue to be a Member with all the rights, privileges, responsibilities and obligations of such Member.

5.4 Duty to Devote Time. The Manager shall devote such time and attention to the business of the Company as the Manager shall determine, in the exercise of its reasonable judgment, to be necessary for the effective conduct of the Company business. The Manager may have other business interests, and may engage in other activities in addition to those relating to the Company, including those that may compete with the business of the company.

5.5 Dealings with the Company. The Manager and any Affiliate shall have the right to contract and otherwise deal with the Company and/or any Project Entity with respect to the sale, purchase, management, or lease of real and/or personal property, the rendition of services, the lending of money and for other purposes, and to receive the purchase price, costs, fees, commissions, interest, compensation and other forms of consideration in connection therewith, as the Manager may determine, without being subject to claims for self-dealing, so long as the terms of any such

transaction and the consideration therefor shall be comparable with the terms available in a transaction with a person who is not an Affiliate.

5.6 Company Opportunity Doctrine Waiver. The pursuit of such business, activity or project, even if competitive with the business of the Company, in and of itself, shall not be deemed wrongful or improper. No Manager nor Member shall be obligated to present any particular investment or other opportunity to the Company, any Member, any Affiliate, Manager or any other Person even if such investment or other opportunity is of a character that, if presented to such Person, could be taken by such Person. In addition, nothing in this Agreement shall restrict or otherwise prohibit any Person from taking, for its own account, (individually or as a partner or fiduciary) or to recommend to others any such particular investment or other opportunity.

5.7 Manager Compensation and Arrangements with Affiliates of the Manager.

5.7.1 The Manager shall receive an annual management fee (the "Management Fee") in an amount equal to two percent (2%) of the gross proceeds raised by the Company through the Company's Offering ("Gross Offering Amount"). The Gross Offering Amount will not be adjusted for any change in the value of the Projects, Project Entities or Project Entity Interests. The Management Fee shall be calculated on the last day of each calendar month at the rate of 0.167% of the Gross Offering Amount at the close of business on the last day of each such month and paid within ten (10) days thereafter (the "Monthly Payment").

5.7.2 The Management Fee includes the costs and expenses incurred by the Manager for its services in managing the Company. These costs include those related to: executive management and financial oversight of the Company, including day-to-day bookkeeping services; Member management, office administration; document development and production; development and maintenance of computer software applications; Company governance; general, comprehensive business insurance and key man life insurance, if any; regulatory filings; and monitoring the status of investments as they progress.

5.7.3 The Management Fee does not include costs relating to tax preparation, preparation of financial information by third party accountants, or transactional commissions and other expenses and fees which may arise in connection with the Company's acquisition of Projects and/or Project Entity Interests, from time to time. Such excluded costs, which shall be paid separately by the Company, may include, without limitation, attorneys' fees, due diligence consultants, and other third parties as necessary in Manager's discretion to complete any property transaction from time to time.

5.7.4 The Company shall employ Versant Commercial Brokerage, Inc., a California corporation (referred to herein as "Versant Commercial Brokerage" and "Versant"), an Affiliate of the Manager (or such other Affiliate as the Manager may elect), to perform property management services, commercial brokerage, and other services with respect to the Projects, and shall compensate Versant Commercial Brokerage for such services at market rates. Versant Commercial Brokerage or an Affiliate may provide other services to the Company from time to time, including, for instance, leasing services, mortgage brokerage services and/or sales

brokerage services, and shall be compensated for such services at market rates. The fees for such services, and the other terms and conditions under which such services are provided, shall be comparable to those obtainable by the Company from an unaffiliated third party in an arms-length transaction. In any event, in connection with the Company's acquisition of any Project or Project Entity Interest, by or through the efforts of Versant Commercial Brokerage, the Company shall pay Versant Commercial Brokerage a placement fee equal to 3% of the amount invested by the Company in any such Project or Project Entity Interest, without inclusion of allocated leverage on the Project or the property underlying a Project Entity Interest, and will be paid to Versant upon the closing of each such transaction. The foregoing placement fee shall not apply to any transaction involving the purchase or sale of interests in the Company.

5.7.5 Except as otherwise approved by Majority Common Member Consent, or except as specifically provided in this Agreement, neither a Member nor an Affiliate of a Member shall receive any compensation or guaranteed payment for services rendered to or performed for or on behalf of the Company.

5.8 Managing Broker Dealer Compensation. In exchange for services rendered in connection with the Offering, the Company will pay to Boustead Securities, LLC, a broker-dealer registered with the Financial Industry Regulatory Authority, or its affiliates, assignees or designees ("Boustead"), a fee equal to 1% of the capital raised under the Offering, payable up on the closing of the Offering and from proceeds of the Offering. Additionally, if the Company requests Boustead to source and raise capital for the Offering, the Company will pay Boustead an additional fee of 2% of the capital Boustead so sources and raises. Any and all of the foregoing fees to Boustead will be deemed earned and immediately due and payable upon the closing of the Offering.

ARTICLE VI
TRANSFERS OF MEMBER INTEREST

6.1 General Matters with Respect to Transfers.

6.1.1 Transfers may only be accomplished in accordance with the provisions of this Article VI. Any attempted Transfer not in accordance with such provision shall be null, void and of no effect and the Company shall not be obligated to recognize any such attempted Transfer.

6.1.2 Notwithstanding anything in this Article VI to the contrary, a Member may not transfer all or any portion of his/her/its Interest if *(i)* the transferee is a minor or is incompetent, *(ii)* such Transfer is prohibited by, or causes a breach of any agreement or understanding by which the Company, any Project Entity, a Member or any of the properties of the Company is/are bound or affected, *(iii)* such Transfer would result in a termination of the Company within the meaning of Section 708(b) of the Code (unless the Manager authorizes such Transfer), or *(iv)* such Transfer would, in the opinion of counsel furnished by the transferor (which counsel and opinion shall be reasonably satisfactory to the Company), violate the applicable provisions of the Securities Act or the applicable securities laws of any state or foreign country.

6.1.3 No Transfer of a Member's Interest shall affect such Member's liability for any of the obligations of the transferring Member set forth in this Agreement or otherwise at law or in equity, and the transferring Member shall continue to be liable to the Company for such obligations unless otherwise agreed to by the Manager.

6.1.4 A transferring Member and his/her/its transferee shall be jointly and severally liable to the Company for, and shall promptly pay to the Company upon demand, any costs or expenses incurred by the Company or any amounts which the Company becomes obligated to pay to a third party as a consequence of such Transfer, and the payment therefore shall be a prerequisite to the consummation of such Transfer.

6.1.5 Any transferee of a Member pursuant to a Transfer who is not admitted to the Company as a member in respect thereof shall only be entitled to receive, in accordance with any agreement that such transferee may have with the transferring Member, all or a portion of the Profits, Losses, items of income, gain, expense or loss, and/or distributions of the Company otherwise allocable to such transferring Member in respect of the transferring Member's Interest or the portion thereof transferred to such transferee pursuant to the Transfer, and such transferee shall not have any of the other rights of a Member under this Agreement or otherwise.

6.2 Transfer by Common Member; Admission of Substitute Manager. Each of the Common Members shall have the right to Transfer: *(i)* all or any portion of its Interest to an Affiliate, and, if the Common Member so elects, to have its transferee admitted to the Company as a Member and, if it also so elects, to have its transferee or another party admitted as a substitute Manager in place of the Manager without the consent of the other Members (and the provisions of Section 5.3 regarding resignation of the Common Member shall thereafter be deemed to apply to such substitute Manager); *(ii)* a portion of its (but, except as provided below, not its entire) Interest to a person who is not an Affiliate, and the Common Member may have such transferee admitted to the Company as a Member in respect of the Interest so transferred, without the consent of any other Member; and *(iii)* all of its Interest to a person who is not an Affiliate, and to have such transferee admitted to the Company as a Member, upon receiving the Majority Preferred Member Consent and satisfaction of the provisions of Section 6.5.

6.3 Transfer by Preferred Member to Revocable Living Trust. A Preferred Member who is a natural person may, during his/her lifetime, transfer all or any portion of his/her Interest to a Family Trust and to have the Family Trust admitted as a substitute Member upon prior written notice to the Company and satisfaction of the provisions of Section 6.5.

6.4 Transfer by Preferred Member with Manager Consent.

6.4.1 A Preferred Member may transfer all or any portion of his/her/its Interest to a person only with the prior written consent of the Manager, which consent may not be unreasonably withheld. Notwithstanding the foregoing, the prohibitions set forth in Section 6.1.2 above, among others, shall be a reasonable basis for the Manager to withhold consent.

6.4.2 Except for transfers by a Preferred Member pursuant to Section 6.3, a transfer fee shall be paid by the transferring Preferred Member in such amount as may be required by the

Manager to cover all reasonable expenses, including attorneys' fees, connected with such transfer. The minimum transfer fee shall be $500.

6.5 Admission of Substitute Members.

6.5.1 A transferee of an Interest shall be admitted to the Company as a Member if, and only if, all of the following requirements are met:

(i) If the Manager's consent is required, the Manager has consented to the transferee's admission as a Member of the Company, which consent may be granted or withheld in the Manager's sole discretion;

(ii) The transferring Member and the transferee have executed and delivered to the Company an executed copy of an assignment instrument and written acceptance of the assignment in form and content satisfactory to the Manager;

(iii) The transferee executes and delivers to the Company such additional instruments, agreements and/or documents as the Manager may reasonably require, including, without limitation, an addendum to this Agreement, in form and substance acceptable to the Manager, whereby the transferee *(i)* agrees to be admitted to the Company as a Member with respect to the Interest assigned to him/her/it, *(ii)* assumes and agrees to perform the obligations of the transferring Member to the Company and the other Members with respect to the Interest assigned to him/her/it, and *(iii)* agrees to be bound by, and to perform, the provisions of this Agreement in respect of the Interest transferred to him/her/it;

(iv) If requested by the Manager, the transferee reimburses the Company for the legal fees and other expenses incurred by the Company in connection with a Transfer by such transferring Member and the admission of his/her/its transferee to the Company as a Member; and

(v) An opinion of counsel is furnished by the transferor (which counsel and opinion shall be reasonably satisfactory to the Company), that the transfer does not violate applicable federal, state or foreign securities laws, and is made pursuant to an exemption from registration under the Securities Act, the applicable securities laws of any state, or the applicable securities laws of any country.

6.5.2 Each Member hereby appoints (and each transferee who is entitled to be admitted to the Company as a Member shall be deemed to have appointed) the Manager, with full power of substitution, as his/her/its true and lawful attorney-in-fact, in such Member's name and behalf, to make, execute, acknowledge, certify, deliver, file and/or record each and every instrument and document as may be required, in the judgment of such attorney-in-fact, to effect or reflect the admission to the Company, as a Member, of the transferee.

6.5.3 The Manager shall have the right, power and authority to do all things necessary or advisable, in its judgment, to effect or reflect the admission to the Company, as a Member, of the transferee of a transferring Member.

6.5.4 Upon satisfaction of the provisions of Section 6.5.1 hereof and the other applicable provisions of this Article VI, a transferee of an Interest shall be admitted as a Member in the place and stead of his/her/its transferring Member in respect of the Interest acquired from the transferring Member, and shall have all the rights, powers, obligations and liabilities of the transferring Member, including, without limitation, the right to approve, consent to or vote on matters relating to the Company, and shall be subject to all of the restrictions of his/her/its transferring Member. Each of the Members, on his/her/its behalf and on behalf of his/her/its successors and assigns, hereby agrees and consents to the admission of substitute Members as provided herein.

6.6 Death, Insanity, Bankruptcy, Etc.

6.6.1 For purposes of this Section 6.6:

(i) "**Disabling Event**" means, with respect to a Member, *(A)* such Member's death, in the case of a Member that is a natural person, *(B)* such Member's Bankruptcy, *(C)* the entry by a court of competent jurisdiction adjudicating him/her incompetent to manage his/her person or his/her property, in the case of a Member who is a natural person, *(D)* the termination of the trust (but not merely the substitution of a new trustee), in the case of a Member who is acting as a Member by virtue of being a trustee of a trust, *(E)* the dissolution and commencement of winding up of the separate partnership, in the case of a Member that is a separate partnership, *(F)* the filing of a certificate of dissolution, or its equivalent, for the separate corporation or the revocation of its charter and the expiration of ninety (90) days after the date of notice to the corporation of revocation without a reinstatement of its charter, in the case of a Member that is a separate corporation, or *(G)* the dissolution and commencement of winding up of the separate limited liability company, in the case of a Member that is a separate limited liability company.

(ii) "**Disabled Member**" means a Member who has suffered a Disabling Event.

(iii) "**Successor**" means, with respect to a Disabled Member, such Disabled Member's successor(s) in interest, personal representative(s), heir(s) at law, legatee(s), or estate.

6.6.2 Upon the occurrence of a Disabling Event, the Company shall not dissolve, but shall be continued in accordance with this Agreement. The Successor to a Disabled Member shall have the rights of a transferee of the Disabled Member's Interest, but shall not be admitted to the Company as a Member in respect thereof except with the consent of the Manager and in accordance with Section 6.5 hereof.

6.7 No Withdrawal of Members.

6.7.1 A Member may not and has no power to withdraw from the Company prior to the dissolution of the Company and the completion of the winding up of the affairs and the liquidation and/or distribution of the property and assets of the Company pursuant to the provisions of Article VIII hereof. Any attempted withdrawal in violation of this provision shall

be null and void *ab initio* and the Company shall not be obligated to recognize any such attempted withdrawal.

6.7.2 No Member shall have the right to terminate this Agreement or dissolve the Company by such Member's express will. No Member shall have the right to have the value of such Member's Interest ascertained and receive an amount equal to the value of such Interest.

6.7.3 The assignment of a Member's Interest in accordance with the provisions of this Article VI and the admission of his/her/its transferee as a Member shall not be deemed to be a withdrawal prohibited by this Section 6.7.

ARTICLE VII
CERTAIN MATTERS RELATING TO MEMBERS

7.1 Other Ventures. The Members acknowledge that each of them and their Affiliates may have interests in other present or future ventures of any type or nature, including ventures that are competitive with the Company, and that, notwithstanding his/her/its status as a Member in and/or Manager of the Company, a Member, including the Manager, and its Affiliate(s), shall be entitled to obtain and/or continue his/her/its individual participation in all ventures without *(i)* accounting to the Company or the other Members for any profits with respect thereto, *(ii)* any obligation to advise the other Members of business opportunities for the Company which may come to his/her/its or his/her/its Affiliate's(s') attention as a result of his/her/its or his/her/its Affiliate's(s') participation in such other ventures or in the Company, and *(iii)* being subject to any claims whatsoever on account of such participation. Notwithstanding the foregoing, in allocating real estate investments among the Company and the Initial Member and its Affiliates, the Initial Member shall use its best efforts to follow the restrictions in that regard set forth in the Private Placement Memorandum delivered to Preferred Members.

7.2 Limited Liability. Except as otherwise provided by the LLC Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort, or otherwise, shall be solely the debts, obligations, and liabilities of the Company, and the Members shall not be obligated personally for any such debt, obligation, or liability of the Company solely by reason of being a Member of the Company. If and to the extent a Member's Capital Commitment shall be fully paid, such Member shall not, except as required by Section 3.1.2 or the express provisions of the Act regarding repayment of sums wrongfully distributed to Members, be required to make any further contributions.

7.3 Offset. Whenever the Company is to pay any sum to a Member, any amounts the Member owes the Company may be deducted from such sum before payment.

7.4 Powers of Attorney.

7.4.1 Each Preferred Member hereby makes, constitutes and appoints the Manager and each member of the Manager, with full power of substitution, as his/her/its true and lawful attorney-in-fact, in his/her/its name, place and stead, and on his/her/its behalf, to make, execute, acknowledge, certify, deliver, file and/or record *(i)* any amendment to the Articles and any and all other instruments

or documents that may be required to be made, executed, acknowledged, certified, delivered, filed and/or recorded by the Company (or by the Members, or any of them, with respect to the Company) under the laws of any state or by any governmental agency or which the Manager deems it advisable to make, execute, acknowledge, certify, deliver, file and/or record to implement or continue the existence of the Company or the termination of the Company after a dissolution of the Company or the cancellation of the Articles, and/or *(ii)* any instruments or documents that may be required to effect *(A)* the admission of any person entitled to be admitted to the Company as a Member pursuant to the provisions of this Agreement, including any substitute member, and *(B)* the amendment of this Agreement as authorized by this Agreement. The foregoing power of attorney (and all other powers of attorney granted hereunder or pursuant hereto) is a special power of attorney coupled with an interest, is irrevocable, and shall survive the transfer or assignment by a Preferred Member of his/her/its Interest and the occurrence of any Disabling Event with respect to a Preferred Member.

7.4.2 This power of attorney is in addition to all other powers of attorney granted by the Preferred Members under Section 10.19 of this Agreement.

7.5 Matters Relating to Claims of Exemption.

7.5.1 The Preferred Members' Interests have not been registered under the Securities Act or the securities laws of any state or other jurisdiction, and are being offered for sale pursuant to applicable exemptions from registration. The provisions contained in this Section 7.5 have been included in this Agreement with respect to the conditions which must be satisfied in order for such exemptions to be available.

7.5.2 Each Preferred Member hereby represents that *(i)* the Interest that he/she/it is acquiring hereunder is being acquired solely for his/her/its own account, and not for or on behalf of other persons, *(ii)* such Interest is being acquired for investment, and not for resale or distribution, and *(iii)* he/she/it has no contract, agreement, undertaking or arrangement, and no intention to enter into any contract, agreement, undertaking or arrangement to sell, transfer or pledge such Interest or any portion thereof.

7.5.3 Each Preferred Member hereby agrees that he/she/it will not sell, transfer or assign his/her/its Interest or any portion thereof without registration under the Securities Act and the securities laws of any state or other jurisdiction to the extent applicable, or exemption therefrom.

7.5.4 Each Preferred Member agrees that if the Company shall ever have a transfer agent, the Company shall issue stop transfer instructions to the Company's transfer agent with respect to his/her/its Interest, and the Company shall make a notation in the appropriate records of the Company that will prevent the sale, transfer or assignment of his/her/its Interest until such time as the Manager is satisfied that any such sale, transfer or assignment is not in violation of the applicable provisions of the Securities Act or any other applicable law and is not in violation of the restrictions against the sale, transfer or assignment of such Interests contained in this Agreement.

7.5.5 Each Preferred Member agrees that if, at any time, his/her/its Interest shall be evidenced by a certificate or other document, such certificate or other document shall contain a legend stating that *(i)* such Interest *(A)* has not been registered under the Securities Act, the securities laws of any relevant state or other jurisdiction, *(B)* has been issued pursuant to claims of exemption from the registration provisions of the Securities Act and the securities laws of any relevant state, and *(C)* may not be sold, transferred or assigned without compliance with the registration provisions of the Securities Act or any other applicable securities law or compliance with an applicable exemption therefrom, and *(ii)* the sale, transfer or assignment of such Interest is further subject to restrictions contained in this Agreement and the subscription agreement executed by the Preferred Member in connection with his/her/its election to become a Preferred Member, and such Interest may not be sold, transferred or assigned, except to the extent permitted by, and in accordance with, the provisions of this Agreement and the subscription agreement executed by such Preferred Member.

7.5.6 Each Preferred Member hereby reaffirms all of the securities-related representations and warranties contained in the subscription agreement executed by such Preferred Member.

ARTICLE VIII
DISSOLUTION AND LIQUIDATION

8.1 Liquidation of the Assets of the Company and Disposition of the Proceeds Thereof.

8.1.1 Upon the dissolution of the Company, the Manager, or in the event that the Manager has suffered a Disabling Event, one of the Members selected by Majority Common Member Consent (herein referred to as the "Liquidator"), shall proceed to wind up the affairs of the Company, liquidate the property and assets of the Company, and terminate the Company. The proceeds of a liquidation pursuant to this Section 8.1.1 shall be applied and distributed in the following order of priority:

(i) to the expenses of liquidation; and then

(ii) to the payment of the debts and liabilities of the Company, but excluding debts or liabilities owing to Members and/or their Affiliates; and then

(iii) to the establishment of any reserves that the Liquidator deems necessary or appropriate to provide any contingent or unforeseen liabilities or obligations of the Company or of the Members arising out of or in connection with the Company (which reserves may be held in a liquidating trust for the benefit of the Members for the purpose of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseeable liabilities of the Company); provided, however, that after the expiration of a reasonable period, any excess reserves remaining shall be distributed in the manner hereinafter provided in this Section 8.1.1; and then

(iv) to the satisfaction of any obligation of the Company to the Members and/or their Affiliates not otherwise provided for in this Section 8.1.1; and then

(v) to the Members in accordance with the provisions of Section 4.3 hereof.

8.1.2 Subject to the requirements of Regulations Section 1.704-1(b)(2)(ii)(b)(2), a reasonable time shall be allowed for the orderly liquidation of the property and assets of the Company and the payment of the debts and liabilities of the Company in order to minimize the losses normally attendant upon a liquidation.

8.1.3 The Members hereby appoint the Liquidator as their true and lawful attorney-in-fact to hold, collect, and disburse, in accordance with this Agreement, the applicable requirements of Regulations Section 1.704-1(b), and the terms of any receivables, any Company receivables existing at the time of the termination of the Company and the proceeds of the collection of such receivables, including those arising from the sale of Company property and assets. Notwithstanding anything to the contrary in this Agreement, the foregoing power of attorney shall terminate upon the distribution of the proceeds of all such receivables in accordance with the provisions of this Agreement.

8.1.4 Notwithstanding anything to the contrary contained in this Section 8.1, if the Liquidator shall determine not to liquidate the property and assets of the Company because the property and assets are not assignable to other than the Members or because a complete liquidation of all of the property and assets of the Company would involve substantial losses or be impractical under the circumstances or for any other reason or for no given reason, the Liquidator shall liquidate that portion of the assets of the Company sufficient to pay the expenses of liquidation and the debts and liabilities of the Company (excluding the debts and liabilities of the Company to the extent that they are adequately secured by mortgages on, or security interests in, assets of the Company or to the extent adequate provision is made for such debts and liabilities), and the remaining assets shall be distributed to the Members as tenants-in-common or partitioned in accordance with applicable statutes or apportioned in accordance with the provisions of Section 8.1.1 hereof, or distributed in such other reasonable manner, not inconsistent with the applicable requirements of Regulations Section 1.704-1(b) and within the time period therein set forth, as shall be determined by the Liquidator. The distribution of such remaining assets to the Members shall be made subject to any mortgages or security interests encumbering such assets.

8.2 Cancellation of Articles of Organization. After the affairs of the Company have been wound up, the property and assets of the Company have been liquidated, and the proceeds thereof have been applied and distributed as provided in Section 8.1.1 hereof (and/or, if applicable, there has been a distribution of property and assets, as provided in Section 8.1.4 hereof), and the Company has been terminated, the Liquidator shall execute and file a Certificate of Cancellation to effect the cancellation and file the same with the Arizona Corporation Commission in accordance with the LLC Act.

ARTICLE IX
EXCULPATION AND INDEMNIFICATION

9.1 Exculpation. Neither the Manager, any Member, nor any member of the Common Members or Manager, nor any employee, agent, controlling person, accountant, attorney,

successor or assign of any of them (all of the foregoing being collectively and individually referred to in this Article IX as the "Indemnified Party"), shall be liable to the Company, any other Member or any other person (and the interest of such Member in the Company, and in the property and assets of the Company, shall be free of any claims by the Company, any member of the Company or any other person) by reason that it is or was a Member or the Manager of the Company, for any act or omission suffered or taken by him/her/it that does not constitute fraud or willful misconduct, does not constitute a violation of the LLC Act, was carried out or omitted without reasonable cause to believe the conduct or omission was unlawful with respect to any criminal act or proceeding, or, in the case of the Manager, does not constitute receipt of a financial benefit to which the Manager is not entitled.

9.2 Indemnification.

9.2.1 To the fullest extent permitted by law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide greater or broader indemnification rights than such law permitted the Company to provide prior to such amendment), the Indemnified Party shall be fully protected and indemnified by the Company against all liabilities, losses, expenses, claims and demands (including amounts paid in respect of judgments, fines, penalties, expenses or settlement of litigation and legal fees and expenses reasonably incurred) in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (individually, a "Proceeding"), or any appeal in such a Proceeding, or any inquiry or investigation that could lead to such a Proceeding, by reason that it is or was a Member or the Manager of the Company, for any act or omission suffered or taken by him/her/it that does not constitute fraud or willful misconduct, does not constitute a violation of the LLC Act, was carried out or omitted without reasonable cause to believe the conduct or omission was unlawful with respect to any criminal act or proceeding, or, in the case of the Manager, does not constitute receipt of a financial benefit to which the Manager is not entitled.

9.2.2 Notwithstanding anything herein to the contrary, any indemnity under this Section 9.2 shall be provided out of and to the extent of Company assets only, and no Member shall have any personal liability on account thereof. The indemnity provided under this Section 9.2 shall survive the liquidation, dissolution and termination of the Company and the termination of this Agreement.

9.2.3 Expenses incurred by a person which are of the type entitled to be indemnified under this Section in defending any Proceeding shall be paid or reimbursed by the Company in advance of the final disposition of the Proceeding, without any determination as to such person's ultimate entitlement to indemnification under this Section 9.2, upon receipt of a written affirmation by such person of such person's good faith belief that such person has met the standard of conduct necessary for indemnification under applicable law and a written undertaking by or on behalf of such person to repay all amounts so advanced if it shall ultimately be determined that such person is not entitled to be indemnified by the Company as authorized in this Section 9.2 or otherwise. The written undertaking shall be an unlimited general obligation of the person but

need not be secured and shall be accepted without reference to financial ability to make repayment.

9.2.4 The indemnification and advancement and payment of expenses provided by this Section 9.2, *(i)* shall not be deemed exclusive of any other rights to which a person seeking indemnification and advancement of payment of expenses hereunder may be entitled under any statute, agreement, or otherwise, both as to actions in such person's official capacity and as to actions in another capacity while holding such position, *(ii)* shall continue as to any such person who has ceased to serve in the capacity which initially entitled such person to indemnity and advancement and payment of expenses, and *(iii)* shall inure to the benefit of the heirs, executors, administrators, successors and assigns of any such person.

9.2.5 The Company may purchase and maintain insurance or another arrangement, or both, at its expense, on behalf of itself or any person insuring against any liability, expense or loss, whether or not the Company would have had the power to indemnify such person against such liability under the provisions of this Article IX.

9.2.6 If this Section 9.2 or any portion of this Agreement shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless the Indemnified Party as to costs, charges and expenses (including, without limitation, attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the fullest extent permitted by any applicable portion of this Section 9.2 which was not invalidated.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.1 Notices.

10.1.1 Any and all notices, consents, offers, elections, and other communications (hereinafter sometimes referred to collectively as "Communications") required or permitted under this Agreement shall be deemed adequately given only if in writing.

10.1.2 All Communications to be sent hereunder shall be given or served only if addressed to a Member at his/her/its address set forth in Schedule I, or to the Company and/or the Manager at their respective addresses as stated in the Company's Articles of Organization, and if delivered by hand or delivered by certified mail, return receipt requested, or Federal Express or similar expedited overnight commercial carrier, or by telecopy or e-mail transmission. All such Communications shall be deemed to have been properly given or served: *(A)* if delivered in hand, when received; *(B)* if mailed, on the date of receipt or of refusal to accept shown on the return receipt; *(C)* if delivered by Federal Express or similar expedited overnight commercial carrier, on the date that is one day after the date upon which the same shall have been deposited with Federal Express or such other expedited overnight commercial carrier, addressed to the recipient, with all shipping charges prepaid, provided that the same is actually received (or refused) by the recipient in the ordinary course; *(D)* if sent by telecopier, on the date of transmission, provided the sender receives a successful transmission report; and *(E)* if sent by e-mail, on the date

of transmission, provided the sender does not receive notice of a transmission failure. The time to respond to any Communication given pursuant to this Agreement shall run from the date of receipt or confirmed delivery, as applicable.

10.1.3 Each Member may notify the Manager of any change in the address set forth in Schedule I in the manner set forth above, whereupon Schedule I shall be changed accordingly.

10.1.4 By giving to the Company and the Members written notice thereof, the parties hereto and their respective successors and assigns shall have the right from time to time and at any time during the term of this Agreement to change their respective addresses effective upon receipt by the Company and the Members of such notice and each shall have the right to specify as his/her/its address any other address within the United States of America.

10.2 Applicable Law. This Agreement shall be governed by and construed in accordance with, the laws (other than the law governing choice of law) of the State of Arizona. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the LLC Act, the provision of this Agreement shall control and take precedence.

10.3 Entire Agreement. This Agreement and the subscription agreements executed by the Preferred Members in favor of the Company shall constitute the entire agreement of the parties with respect to the subject matter hereof. All prior agreements among the parties hereto with respect to the subject matter of this Agreement, whether written or oral, are merged into this Agreement and shall be of no further force or effect.

10.4 Construction.

10.4.1 The Article and Section headings in this Agreement are inserted for convenience and identification only, and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement. The Recitals are hereby deemed to be included in, and part of, this Agreement.

10.4.2 The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires.

10.4.3 Any agreement, instrument, statute, law, regulation or rule defined or referred to herein shall be deemed to mean such agreement, instrument, statute, law, regulation or rule as from time to time amended, modified or supplemented, and including in the case of agreements and instruments, references to all attachments thereto and instruments incorporated therein.

10.4.4 References to the Common Member or a Preferred Member are also intended to include the permitted successors and assigns of such person who have been admitted to the Company as Members in accordance with this Agreement, and references to the Manager are also intended to include any person selected to be the Manager of the Company in accordance with the provisions of this Agreement.

10.5 Waiver. No consent or waiver, express or implied, by a Member to or of any breach or default by any other Member in the performance by such other Member of his/her/its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by the other Member of the same or any other obligation of such other Member hereunder. Failure on the part of a Member to object to any act or failure to act of any other Member or to declare any other Member in default, irrespective of how long such failure continues, shall not constitute a waiver by a Member of his/her/its rights hereunder.

10.6 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision or provisions herein are determined to be invalid, unenforceable, or illegal under any existing or future law, such invalidity, unenforceability, or illegality shall not impair the operation of or effect those portions of this Agreement that are valid, enforceable, and legal.

10.7 Binding Agreement. Subject to the restrictions on Transfers set forth herein, this Agreement shall inure to the benefit of and be binding upon the undersigned Members and their respective permitted heirs, executors, personal representatives, successors, and assigns.

10.8 Equitable Remedies. The rights and remedies of the Members hereunder shall not be mutually exclusive, *i.e.,* the exercise of a right or remedy under any given provision hereof shall not preclude or impair exercise of any other right or remedy hereunder. Each of the Members confirms that damages at law may not always be an adequate remedy for a breach or threatened breach of this Agreement and agrees that, in the event of a breach or threatened breach of any provision hereof, the respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to, nor shall it, limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other for a breach or threatened breach of any provision hereof.

10.9 Amendments. The provisions of this Agreement may be amended only as follows:

10.9.1 **Manager Amendments**. Pursuant to its special power of attorney as provided in Section 10.19, the Manager may unilaterally execute and make the following amendments to this Agreement:

(i) To amend attached Schedule I as appropriate from time to time to update the information therein;

(ii) To cure any ambiguity or mistake, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Agreement that will not be inconsistent with the provisions of this Agreement or the Private Placement Memorandum;

(iii) To delete or add any provision of this Agreement required to be so deleted or added for the benefit of Members by the staff of the U. S. Securities and Exchange Commission or by a state "Blue Sky" Commissioner or similar official;

(iv) To minimize the adverse impact of, or comply with, any final regulation of the United States Department of Labor, or other federal agency having jurisdiction, defining "plan assets" for ERISA purposes;

(v) To comply with applicable governmental laws and regulations governing monetary laws and investments as in effect from time to time, including without limitation the USA Patriot Act;

(vi) As required by a lender making a loan to the Company or any Project Entity;

(vii) To modify the allocation provisions of this Agreement to comply with Section 704(b) and Section 514(c)(9) of the Code;

(viii) To change the name and/or principal place of business of the Company;

(ix) To decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Company and conduct its business affairs); and/or

(x) To make any amendments that expand or improve the rights, benefits and/or economic interests of Members under this Agreement (without, in more than a *de minimis* manner, adversely affecting the economic interests or voting rights of any Members, unless each such adversely affected Member consents in writing).

10.9.2 Member Amendments. All other amendments (not described in Section 10.9.1) to this Agreement or the Articles of Organization require the written approval of each of the Manager, the Common Members by Majority Common Member Consent, and the Preferred Members by Majority Preferred Member Consent (which shall in each case be in its or their sole and absolute discretion), unless the provision that is the subject of such amendment includes or is part of a provision that requires the vote, consent, or approval of a greater or less vote, in which case such amendment must have the written approval of the Manager and such Common Members by Common Member Consent, and Preferred Members by Majority Preferred Member Consent as are required by such provisions that is the subject of such amendment.

10.10 No Third Party Rights Created Hereby. The provisions of this Agreement are solely for the purpose of defining the interests of the Members, *inter se*; no other person, firm, or entity (i.e., a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title, or interest by way of subrogation or otherwise, in and to the rights, powers, titles, and provisions of this Agreement.

10.11 Additional Acts and Instruments. Each Member hereby agrees to do such further acts and things and to execute any and all instruments necessary or desirable and as reasonably required in the future to carry out the full intent and purpose of this Agreement.

10.12 Organization Expenses. The Company shall elect, pursuant to Section 709(b) of the Code, to treat all amounts paid or incurred to organize the Company as deferred expenses to be deducted ratably over a period of sixty (60) months beginning with the month in which the Company began business.

10.13 Counterparts; Copies of Signatures. This Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts will be construed together and constitute the same instrument. Facsimile copies and electronic copies (e.g. PDFs) of executed signatures to this Agreement, as well as electronic signatures made in compliance with the Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA) (e.g. DocuSign), will be accepted with the same force and effect as original signatures to this Agreement.

10.14 Attorneys-in-Fact. Any Member may execute a document or instrument or take any action required or permitted to be executed or taken under the terms of this Agreement by and through an attorney-in-fact duly appointed for such purpose (or for purposes including such purpose) under the terms of a written power of attorney (including any power of attorney granted herein).

10.15 Firm Name. The Company shall have the full and exclusive ownership of and right to use the firm name "Virtua High Growth Fund III, LLC." However, upon dissolution of the Company, the entire right, title and interest to the firm name and the goodwill attached thereto shall be assigned without compensation to the Initial Member or to such other person as shall be designated by the Initial Member.

10.16 Consent to Jurisdiction. Each Member: *(i)* irrevocably submits to the nonexclusive jurisdiction of the Superior Court of the State of Arizona in and for the County of Maricopa, and to the nonexclusive jurisdiction of the United States District Court for the District of Arizona for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement or the subject matter hereof or in any way connected to the dealings of any Member or the Company in connection with any of the above; and *(ii)* to the extent not prohibited by applicable law, waives and agrees not to assert, by way of motion, as a defense or otherwise, in any such proceeding brought in any of the above-named courts, any claim that such Member is not subject personally to the jurisdiction of such court, that such Member's property is exempt or immune from attachment or execution, that such proceeding is brought in an inconvenient forum, that the venue of such proceeding is improper, or that this Agreement or the subject matter hereof may not be enforced in or by such court.

10.17 Waiver of Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, EACH MEMBER WAIVES AND COVENANTS THAT SUCH MEMBER WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM OR PROCEEDING ARISING OUT OF THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH THE DEALINGS OF ANY MEMBER OR THE COMPANY IN CONNECTION WITH ANY OF THE ABOVE,

IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT OR OTHERWISE.

10.18 Legal Representation. The Manager, on behalf of the Company, has retained the law firm of Dioguardi Law Firm, PLLC ("DIO") to prepare this Agreement (and all related documents).

(a) All Members and the Manager agree they have instructed DIO to prepare this Agreement for the Company and have requested an attorney of DIO serve as the statutory agent for service of process upon the Company in the State of Arizona, and that such services provided by DIO will be considered an expense of the Company and paid for by the Company.

(b) The parties to this Agreement acknowledge that DIO represents VHGF Management, LLC (the initial Manager) and does not represent the Company or the Members (except Virtua Partners) in the preparation of this Agreement. The Company, all Members and the Manager waive any conflict of interest that may exist with respect to DIO's *(1)* current and future representation of Virtua Partners and the initial Manager (including in connection with the preparation of this Agreement), and *(2)* the future representation of the Company by DIO pursuant to the Company's post-formation appointment of DIO's attorney, Mark Dioguardi, to serve as the Company's statutory agent as provided in this Agreement and/or for such other purposes as DIO may be engaged by the Company from time to time.

(c) Each Member is advised that it is entitled to be represented by counsel of its choice with respect to becoming a Member in the Company, and each Member or potential Member should seek advice from its own counsel in regard to its investment in the Company and execution and adoption of this Agreement. Each Member (except Virtua Partners) acknowledges that it has sought advice from its own separate legal counsel in this regard or has chosen not to do so. Each Member (except Virtua Partners) acknowledges that DIO has not undertaken any and has no duty or obligation of any kind to any Member (except Virtua Partners), in connection with this Agreement and all other documents contemplated by this Agreement prepared by DIO.

(d) From time to time, subject to the Rules of Professional Conduct of the State Bar of Arizona, DIO shall be permitted to render legal advice and to provide legal services to the Project Entities, the Manager and its Affiliates (collectively, the "VHGF Parties") with respect to the Projects, the Company or otherwise. In no event does or will an attorney/client relationship exist between DIO on the one hand and any other Member (except Virtua Partners) or any of their respective Affiliates, on the other hand, in the absence of an express written engagement agreement between such Member and DIO.

(e) To the extent requested by the Manager, and subject to the Rules of Professional Conduct of the State Bar of Arizona, DIO shall be permitted to render legal advice and to provide legal services to the Company. Each Member agrees that such representation, including of the Company by DIO, from time to time does not disqualify DIO from providing legal advice and legal services (as set forth in this Section 10.18) at any time in the future.

(f) Each Member will at all times continue to engage and consult with its own separate legal counsel, if any, in connection with matters and affairs relating to the Company. If any

dispute or controversy arise: between any Member and the Company, on one hand, and any one or more of VHGF Parties on the other hand then each Member agrees that DIO may represent either the Company or VHGF Parties (or its Affiliates), or both or all of them, in any such dispute or controversy to the extent permitted by the Rules of Professional Conduct of the State Bar of Arizona or similar rules in any other jurisdiction and each Member hereby consents to such representation.

(g) The Company, all Members and the Manager acknowledge DIO and its attorneys have not provided any securities law advice in connection with this Agreement or the transactions referenced herein.

(h) The Company, all Members and the Manager acknowledge DIO will not express any opinion whatsoever as to the quality or suitability of the investment.

(i) The Company, all Members and the Manager acknowledge DIO will not express any opinion whatsoever as to the tax impacts or ramifications of the formation of the Company, this Agreement, or the transactions referenced herein.

10.19 Power of Attorney.

10.19.1 **Attorney-in-Fact**. Each Preferred Member hereby grants to the Manager a special power of attorney irrevocably making, constituting and appointing the Manager as such Preferred Member's attorney-in-fact, with full power of substitution, with power and authority to act in such Member's name and on its behalf to execute, acknowledge and swear to in the execution, acknowledgment, filing and/or recording of any of the following:

(i) Any separate Articles of Organization, as well as any amendments thereto or to this Agreement, which, under the laws of the State of Arizona or the laws of any other state, are required to be executed or filed or which is deemed advisable by the Manager to execute or file;

(ii) Any other instrument or document which may be required to be filed by the Company under the laws of any state or by any governmental agency, or which is deemed advisable by the Manager to file;

(iii) Any instrument or document which may be required to effect the continuation of the Company, the admission of additional or Substitute Members, or the dissolution and termination of the Company (provided the continuation, admission, or dissolution and termination are in accordance with the terms of this Agreement);

(iv) Any amendment to this Agreement as set forth in Section 10.9.1; and/or

(v) Any and all documents and agreements in connection with a sale or financing of Projects and Project Entities under this Agreement.

10.19.2 **Limitation on Use.** The Manager shall promptly furnish to the Preferred Members a copy of any amendment to this Agreement executed by any Manager pursuant to Section 10.9. The Manager shall not use such special power of attorney for any purpose other than as specifically set forth in Sections 10.9.1 and 10.19.1.

10.19.3 **Special Power of Attorney.** Such special power of attorney granted by each Preferred Member *(i)* is a special power of attorney coupled with an interest, is irrevocable, shall survive the incapacity of the granting Preferred Member and is limited to the matters set forth in this Agreement, and *(ii)* may be exercised by any Manager acting for the Preferred Member by a facsimile signature of such Manager.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES.]

IN WITNESS WHEREOF, the foregoing Operating Agreement of Virtua High Growth Fund III, LLC was executed by the Company, the Common Members and the Manager as of the date set forth next to each party's respective signature.

Company:

VIRTUA HIGH GROWTH FUND III, LLC, an Arizona limited liability company

By: VHGF MANAGEMENT, LLC, an Arizona limited liability company, its Manager

By: _____
Quynh Palomino, Sole Managing Member

Dated: _____

Common Members:

VIRTUA PARTNERS LLC, an Arizona limited liability company

By: _____
Quynh Palomino, Manager

Dated: _____

Manager:

VHGF MANAGEMENT, LLC, an Arizona limited liability company

By: _____
Quynh Palomino, Sole Managing Member

Dated: _____

VIRTUA HIGH GROWTH FUND III, LLC

Counterpart Member Signature Page

The undersigned Member hereby executes the Operating Agreement of Virtua High Growth Fund III, LLC, an Arizona limited liability company, dated effective as of November 18, 2016, and hereby authorizes this signature page to be attached as a counterpart to such document.

Dated as of _____, 201__. Amount of Subscription for Interests: $_____

SIGNATURE BLOCK FOR INDIVIDUALS:

Individual's Signature: _____

Individual's Printed Name: _____

SIGNATURE BLOCK FOR JOINT ACCOUNTS:

Individual #1's Signature: _____

Individual #1's Printed Name: _____

Individual #2's Signature: _____

Individual #2's Printed Name: _____

SIGNATURE BLOCK FOR ENTITIES OR TRUSTS:

Name of Entity/Trust: _____

By: _____
(Signature)

Signer's Printed Name: _____

Signer's Title: _____
(Example: Manager, Member, Trustee, etc.)

By: _____
(Signature)

Signer's Printed Name: _____

Signer's Title: _____
(Example: Manager, Member, Trustee, etc.)

SIGNATURE BLOCK FOR IRAS:

Name of IRA: _____

By: _____
(Custodian/Trustee Signature)

Custodian/Trustee's Printed Name: _____

Custodian/Trustee's Title: _____

IRA Participant's Signature: _____

IRA Participant's Printed Name: _____

SCHEDULE I
TO
OPERATING AGREEMENT OF
VIRTUA HIGH GROWTH FUND III, LLC

Membership Schedule

Common Members

Member Name and Address	Capital Contribution	Membership Interest in Class	Membership Interest in Company
Virtua Partners LLC 7600 N. 15th St., Suite 150-19 Phoenix, AZ 85020 quinn@clearvistamanagement.com	$_____	100.000%	50.000%
TOTALS:	**$ _____**	**100.000%**	**50.000%**

Preferred Members

PPM #	Member Name and Address	Capital Contribution	Membership Interest in Class	Membership Interest in Company
TOTALS:				

EXHIBIT B

SUBSCRIPTION DOCUMENTS

(SEE ATTACHED)

Subscription Documents For

Virtua High Growth Fund III, LLC

VIRTUA HIGH GROWTH FUND III, LLC (i.e., "VHGF III")

SUBSCRIPTION INSTRUCTIONS

We have given you Virtua High Growth Fund III, LLC's Confidential Private Placement Memorandum, Operating Agreement and Subscription Agreement for your review.

All subscribing investors (each an "Investor") must complete and submit an originally executed set of subscription documents, which shall include the following items for a complete Investor package:

(i) the **Subscription Agreement**;

(ii) the **Accreditation Questionnaire to Prospective Offerees** (attached hereto at **Schedule A**);

(iii) a **Counterpart Member Signature Page** (attached hereto at **Schedule B**);

(iv) the **Suitability Questionnaire** (attached hereto as **Schedule C**);

(v) the **Form W-9 (US Citizens/Permanent Residents) or Form W-8BEN (Foreign Persons), as applicable** (attached at **Schedule D** hereto);

(vi) the verifiable and written certification of a party duly authorized to confirm Accredited Investor status per Section 506(c)(ii)(C) of the Securities Act of 1933 as described in **Schedule E** hereto;

(vii) a copy of one form of government-issued identification for each individual executing these subscription documents (for example: driver's license, passport or state-issued identification card);

(viii) for those Investors that are entities (Corporations, LLCs, Partnerships, LLPs, LPs or Trusts), please provide copies of the organizational documents for such entity or trust (for example: certificate of formation, articles of organization/incorporation, certificate of partnership/limited partnership; operating agreement, partnership agreement, bylaws or trust agreement), written approvals or designations for the authorized executor(s) who is/are vested with the authority to execute these subscription documents and to otherwise act on behalf of such entity or trust Investor, as well as a copy of one form of government-issued identification for each individual executing these subscription documents (for example: driver's license, passport or state-issued identification card);

(ix) for those Investors that are entities which are comprised of multiple investors, members, or beneficiaries (Corporations, LLCs, Partnerships, LLPs, LPs or Trusts) and IRAs that are required to select option 1N on page A-3 herein:

a. ***each and every*** member (whether an entity, trust, individual, or other beneficiary, however referenced) (collectively "beneficial owners") with ownership interests in those subscribing entities, must also complete a separate **Schedule A** as attached hereto, and provide a copy of one form of government-issued identification for each beneficial owner executing these subscription documents (for example: driver's license, passport or state-issued identification card); **and**

b. if any of the **Schedule A**s referenced in paragraph (ix)(a) immediately above are executed by an individual who is vested with such authority to execute these subscription documents and to otherwise act on behalf of any the several aforesaid parties in paragraph (ix)(a) above, provide a copy of one form of government-issued identification for each executor of each of the subscription documents (for example: driver's license, passport or state-issued identification card). For clarification, a form of

government-issued identification is required from **both** the beneficial owner and the executor, in each instance in which the subscription documents are signed by the duly authorized executor on behalf of the beneficial owner;

(x) for those Investors that are IRAs, please provide a copy of the IRA formation/investment power documentation; and

(xi) a **check or wire transfer** for the amount of the subscription/investment.

The Subscription Agreement, Accreditation Questionnaire and the Suitability Questionnaire may be completed by a duly authorized person (such as an officer) or agent on behalf of the Investor. Any person signing the Subscription Agreement, Accreditation Questionnaire and the Suitability Questionnaire in a representative capacity should type or print on the appropriate signature pages the name of the Investor, the name of the person signing the Subscription Agreement, Accreditation Questionnaire and the Suitability Questionnaire and the capacity in which he or she is signing.

As a reminder:

For Investors that are entities (Corporations, LLCs, Trusts, Partnerships, LLCs, LLPs, or LPs), please provide a copy of the entity formation documents as well as written approvals or designations for the authorized signer(s). For Investors that are IRAs, please provide a copy of the IRA formation/investment power documentation.

All Investors and duly authorized executors must provide a copy of their photo ID (for example: driver's license or passport), pursuant to paragraphs (vii) through (ix) above, as applicable. Foreign Investors, please complete the attached Form W-8BEN.

Delivery Instructions

The subscription documents should be executed and delivered to the following address:

Virtua High Growth Fund III, LLC
c/o Versant Commercial Brokerage, Inc.
894 West Washington, 2nd Floor
San Diego, California 92103
Attention: Valerie Reid
Telephone: (619) 908-1738
E-mail: valerie@versantcre.com

Wire Instructions

Wire transfers of subscription funds should be sent to the following account:

Wells Fargo Bank, N.A.
420 Montgomery
San Francisco, CA 94104
Account Name: Virtua High Growth Fund III, LLC
ABA/Routing No.: 122000247
Account No.: 5355724047

Please notify Valerie Reid at (619) 908-1738 or valerie@versantcre.com once funds have been wired.

VHGF III will hold all subscription funds in its account until accepted for use by VHGF III. If the subscription is not accepted, the subscription documents shall have no force or effect, and the subscription

funds will be promptly returned to you. If the subscription is accepted, a copy of the Acceptance (**page 11**) signed by the Manager will be returned to you.

Additional Information and Questions

For additional information concerning subscriptions and subscription procedures, prospective Investors should contact Valerie Reid.

(Subscription instructions continue on the next page.)

SUBSCRIPTION CHECKLISTS

PLEASE LOCATE THE APPROPRIATE CHECKLIST BELOW DEPENDING ON YOUR STATUS AS A SUBSCRIBER TO HELP ACCURATELY COMPLETE YOUR SUBSCRIPTION AGREEMENT.

For Vesting as an Individual:

- ❒ **Page 8 –** Insert the amount, date and sign.
- ❒ **Page A-2 through A-4 (***Parts I and II of Accreditation Questionnaire***) –** Complete all required information, date, and sign.
- ❒ **Page Behind B-1** – *Counterpart Member Signature Page* – Insert the amount, date and sign where provided for "Individuals".
- ❒ **Pages C-2 through C-4 –** *Suitability Questionnaire* **–** Complete all questions.
- ❒ **The applicable form Behind D-1 -** *Tax Forms* – U.S. Investors only, complete, date and sign Form W-9. Foreign Investors only, complete, date and sign Form W8-BEN.
- ❒ **Provide Page E-2** – *Certification of Accredited Investor Status* – completed by a current and verifiably licensed Certified Public Accountant, Attorney, Registered Investment Advisor with the Securities and Exchange Commission, or Registered Broker-Dealer. Persons who are licensed Certified Public Accountants, Attorneys, Registered Investment Advisors with the Securities and Exchange Commission, or Registered Broker-Dealers may not self-attest.
- ❒ **Provide a copy of one form of government-issued identification** (e.g. driver's licenses, passport or state-issued identification card).
- ❒ **Prepare a check or wire transfer for your subscription funds.**

For Vesting as a Joint Account:

*NOTE: Both parties to the Joint Account must co-sign.

- ❒ **Page 8 –** Insert the amount, date and sign.
- ❒ **Page A-2 through A-4 (***Parts I and II of Accreditation Questionnaire***) –** Complete all required information, date, and sign (both parties to the Joint Account must complete and sign on Page A-4).
- ❒ **Page Behind B-1** – *Counterpart Member Signature Page* – Insert the amount, date and sign where provided for "Joint Accounts".
- ❒ **Pages C-2 through C-4 –** *Suitability Questionnaire* **–** Complete all questions.
- ❒ **The applicable form Behind D-1 -** *Tax Forms* – U.S. Investors only, complete, date and sign Form W-9. Foreign Investors only, complete, date and sign Form W8-BEN.
- ❒ **Provide Page E-2** – *Certification of Accredited Investor Status* – completed by a current and verifiably licensed Certified Public Accountant, Attorney, Registered Investment Advisor with the Securities and Exchange Commission, or Registered Broker-Dealer (must be provided for both parties to the Joint Account). Persons who are licensed Certified Public Accountants, Attorneys, Registered Investment Advisors with the Securities and Exchange Commission, or Registered Broker-Dealers may not self-attest.
- ❒ **Provide a copy of one form of government-issued identification for each individual on the joint account** (e.g. driver's licenses, passport or state-issued identification card).
- ❒ **Prepare a check or wire transfer for your subscription funds.**

For Vesting as an Individual Retirement Accounts (IRAs):

*NOTE: Both the IRA's Custodian/Trustee and the IRA Participant must co-sign.

- ❒ **Page 10 –** IRA Participant to insert the amount, date and sign. IRA Custodian/Trustee to co-sign as acknowledgment of intended investment by IRA.
- ❒ **Page A-2 through A-4 (***Parts I and II of Accreditation Questionnaire***) –** select next to all that apply (as applicable for your IRA and as applicable for yourself as an accredited participant of the IRA).
- ❒ **Pages A-5 through A-8 (***Part III of Accreditation Questionnaire***) –** IRA Participant to answer all questions as the IRA, date and sign.
- ❒ **Page Behind B-1** – *Counterpart Member Signature Page* – Insert the amount, date and sign where provided for "IRAs". Both the IRA's Custodian/Trustee and the IRA Participant must co-sign.
- ❒ **Pages C-2 through C-4 –** *Suitability Questionnaire* – Complete all questions in your individual capacity.
- ❒ **The applicable form Behind D-1 -** *Tax Forms* – U.S. Investors only, complete, date and sign Form W-9. Foreign Investors only, complete, date and sign Form W8-BEN.
- ❒ **Provide Page E-2** – *Certification of Accredited Investor Status* – completed by a current and verifiably licensed Certified Public Accountant, Attorney, Investment Advisor, or Registered Broker-Dealer. Persons or entities who are licensed Certified Public Accountants, Attorneys, Investment Advisors, or Registered Broker-Dealers may not self-attest.
- ❒ **Provide a copy of one form of government-issued identification for each individual signing on the behalf of the IRA and the IRA Participant** (e.g. driver's licenses, passport or state-issued identification card).
- ❒ **Provide copies of the IRA's organizational documents and documentation evidencing the IRA Custodian's signatory authority**.
- ❒ **Prepare a check or wire transfer for your subscription funds.**

Notwithstanding the foregoing, Investors that are Individual Retirement Accounts (IRAs) in which all equity holders are accredited investors must follow the special instructions and thoroughly complete Parts I, II and III of the Accreditation Questionnaire for submission of both entity and individual information.

For Vesting as a Corporation:

- ❒ **Page 9 –** Insert the amount, date and sign.
- ❒ **Pages A-2 and A-3** (*Part I of Accreditation Questionnaire*) **-** select next to all that apply
- ❒ **Pages A-5 through A-8 (***Part III of Accreditation Questionnaire***) –** answer all questions, date and sign.
- ❒ **Page Behind B-1** – *Counterpart Member Signature Page* – Insert the amount, date and sign where provided for "Entities or Trusts".
- ❒ **Pages C-2 through C-4 –** *Suitability Questionnaire* – Complete all questions in your individual capacity.
- ❒ **The applicable form Behind D-1 -** *Tax Forms* – U.S. Investors only, complete, date and sign Form W-9. Foreign Investors only, complete, date and sign Form W8-BEN.
- ❒ Contact the Manager to arrange for the provision of applicable certifications or verification of the qualification of such Investor as accredited.
- ❒ **Provide a copy of one form of government-issued identification for each individual signing on the behalf of the corporation** (e.g. driver's licenses, passport or state-issued identification card).
- ❒ **Provide copies of the corporation's organizational documents and documentation evidencing the signatory's authority** (e.g. articles of incorporation, and any amendments thereto; bylaws, and any amendments thereto; shareholder agreement, and any amendments thereto; and any corporate consent/resolution reflecting authority matters).
- ❒ **Prepare a check or wire transfer for your subscription funds.**

For Vesting as a Trust:

- ❒ **Page 9 –** Insert the amount, date and sign.
- ❒ **Pages A-2 and A-3** (*Part I of Accreditation Questionnaire*) **-** select next to all that apply (as applicable for your Trust and as applicable for yourself as an accredited grantor of the Trust)
- ❒ **Page A-4** (*Part II of Accreditation Questionnaire*) **–** answer all questions as an individual, date and sign.
- ❒ **Pages A-5 through A-8 (***Part III of Accreditation Questionnaire***) –** answer all questions as the Trust, date and sign.
- ❒ **Page Behind B-1** – *Counterpart Member Signature Page* – Insert the amount, date and sign where provided for "Entities or Trusts".
- ❒ **Pages C-2 through C-4 –** *Suitability Questionnaire* – Complete all questions in your individual capacity.
- ❒ **The applicable form Behind D-1 -** *Tax Forms* – U.S. Investors only, complete, date and sign Form W-9. Foreign Investors only, complete, date and sign Form W8-BEN.
- ❒ **Provide Page E-2** – *Certification of Accredited Investor Status* – completed by a current and verifiably licensed Certified Public Accountant, Attorney, Registered Investment Advisor with the Securities and Exchange Commission, or Registered Broker-Dealer (must be provided for each and all grantors of the Trust). Persons or entities who are licensed Certified Public Accountants, Attorneys, Registered Investment Advisors with the Securities and Exchange Commission, or Registered Broker-Dealers may not self-attest.
- ❒ **Provide a copy of one form of government-issued identification for each individual signing on the behalf of the trust** (e.g. driver's licenses, passport or state-issued identification card).
- ❒ **Provide copies of the trust's organizational documents and documentation evidencing the signatory's authority** (e.g. trust agreement, and any amendments thereto; and any trust certificate reflecting authority matters).
- ❒ **Prepare a check or wire transfer for your subscription funds.**

Notwithstanding the foregoing, Investors that are Revocable Trusts in which all of the trust grantors are accredited investors must follow the special instructions and thoroughly complete Parts I, II and III of the Accreditation Questionnaire for submission of both entity and individual information.

For Vesting as a Partnership, LP, LLP or LLC:

- ❒ **Page 9 –** Insert the amount, date and sign.
- ❒ **Pages A-2 and A-3** (*Part I of Accreditation Questionnaire*) **-** select next to all that apply (as applicable for your Entity and as applicable for yourself as an accredited equity owner of your Entity)
- ❒ **Pages A-5 through A-8 (***Part III of Accreditation Questionnaire***) –** answer all questions as the Entity, date and sign.
- ❒ **Page Behind B-1** – *Counterpart Member Signature Page* – Insert the amount, date and sign where provided for "Entities or Trusts".
- ❒ **Pages C-2 through C-4 –** *Suitability Questionnaire* – Complete all questions in your individual capacity.
- ❒ **The applicable form Behind D-1 -** *Tax Forms* – U.S. Investors only, complete, date and sign Form W-9. Foreign Investors only, complete, date and sign Form W8-BEN.
- ❒ **Provide a copy of one form of government-issued identification for each individual signing on the behalf of the entity** (e.g. driver's licenses, passport or state-issued identification card).
- ❒ **Provide copies of the entity's organizational documents and documentation evidencing the signatory's authority.**
  Examples:
  - For a partnership, LP or LLP: certificate of partnership/LP/LLP, and any amendments thereto; partnership agreement, and any amendments thereto; and any partnership consent/resolution reflecting authority matters.
  - For an LLC: articles of organization, and any amendments thereto; operating agreement, and any amendments thereto; and any company consent/resolution reflecting authority matters.
- ❒ **Prepare a check or wire transfer for your subscription funds.**

Notwithstanding the foregoing, Investors that are entities in which all equity holders are accredited investors must follow the special instructions and thoroughly complete Parts I, II and III of the Accreditation Questionnaire for submission of both entity and individual information

In addition, for all entities which are required to select option 1N on page A-3, EACH AND EVERY accredited equity owner thereof must:

- ❒ **Page A-4** (*Part II of Accreditation Questionnaire*) **–** answer all questions as an individual, date and sign.
- ❒ **Provide Page E-2** – *Certification of Accredited Investor Status* – completed by a current and verifiably licensed Certified Public Accountant, Attorney, Registered Investment Advisor with the Securities and Exchange Commission, or Registered Broker-Dealer. Persons or entities who are licensed Certified Public Accountants, Attorneys, Registered Investment Advisors with the Securities and Exchange Commission, or Registered Broker-Dealers may not self-attest.
- ❒ **Provide a copy of one form of government-issued identification** (e.g. driver's licenses, passport or state-issued identification card).
- ❒ **Provide a copy of one form of government-issued identification for each individual signing on behalf of that accredited equity owner, whether that accredited equity owner be an individual, entity or trust** (e.g. driver's licenses, passport or state-issued identification card), except with respect to individual members who have not delegated such authority to another party, and who have provided such identification pursuant to the instruction immediately above.

VIRTUA HIGH GROWTH FUND III, LLC

SUBSCRIPTION AGREEMENT

PLEASE READ CAREFULLY BEFORE SIGNING

ALL SUBSCRIPTIONS ARE SUBJECT TO WRITTEN ACCEPTANCE BY THE MANAGER. ALL INFORMATION REQUIRED TO BE PROVIDED HEREIN BY SUBSCRIBERS FOR DETERMINING PURCHASER QUALIFICATION WILL BE KEPT STRICTLY CONFIDENTIAL.

To: Virtua High Growth Fund III, LLC
c/o VHGF Management, LLC
7600 N. 15th St., Suite 150-19
Phoenix, Arizona 85020
Attention: Quynh Palomino

Ladies and Gentlemen:

1. Subscription for Interests in VHGF III. The undersigned hereby irrevocably subscribes for the amount of membership interests ("Interests") set forth on the signature page hereto in Virtua High Growth Fund III, LLC, an Arizona limited liability company (the "Company"), and is contemporaneously delivering a check (or a wire transfer or other form of payment acceptable to the Manager (as defined below)) for such subscription amount made payable to VHGF III (the "Capital Contribution"). All subscription funds will be deposited in VHGF III's account and be available for use by VHGF III upon acceptance by VHGF III of this Subscription Agreement. The undersigned acknowledges that the negotiation, or cashing, of a check tendered for the subscription of Interests in VHGF III does not constitute the acceptance of such subscription. Notice of acceptance of a subscription will be made only by a written notice from the Manager on behalf of VHGF III. If this subscription is not accepted, the subscription funds will be returned to the undersigned.

2. Acceptance of Subscription; Operating Agreement. The undersigned agrees that, upon the acceptance of this subscription by VHGF Management, LLC, an Arizona limited liability company ("Manager"), on behalf of VHGF III, the undersigned shall become a member in VHGF III. Accordingly, by execution hereof, the undersigned agrees to be bound by all of the terms and conditions of the Operating Agreement of VHGF III (as amended or otherwise modified in accordance with its terms, the "Operating Agreement"), a copy of which is being delivered to the undersigned, as if the undersigned's signature were subscribed to such Operating Agreement. If the undersigned does not sign the Operating Agreement, the undersigned hereby authorizes the Manager as the undersigned's attorney-in-fact to subscribe his, her or its name to such Operating Agreement or any amendment thereto pursuant to the Power of Attorney set forth herein. It is understood, however, that this subscription is not binding on VHGF III until the Manager accepts it in writing, which acceptance may be made in the Manager's sole discretion.

3. Representations and Warranties. To induce the Manager to accept this Subscription Agreement on behalf of VHGF III, the undersigned hereby represents, warrants and covenants to the Manager and VHGF III as follows:

A. The undersigned acknowledges that the undersigned has been furnished with VHGF III's Confidential Private Offering Memorandum, as supplemented or amended from time to time (the "Memorandum"), which sets forth the relevant terms and conditions of this investment, the Operating Agreement and such other documents, materials and information as the undersigned deems necessary or appropriate for evaluating an investment in VHGF III. The undersigned confirms that the undersigned carefully has read and understands these materials and has made such further investigation of the Manager as was deemed appropriate to obtain additional information to verify the accuracy of such materials and to evaluate the merits and risks of this investment. The undersigned acknowledges that the undersigned has had the opportunity to ask questions of, and receive answers from, the Manager and persons acting on its and

VHGF III's behalf, concerning the terms and conditions of the offering and the information contained in the offering materials, and all such questions have been answered to the undersigned's full satisfaction.

B. If the undersigned is an ERISA Investor (as defined below), the undersigned represents and warrants for the benefit of the other members and VHGF III that, as of the date of the execution and delivery of this Subscription Agreement and as of the date of admission of the undersigned to VHGF III: (i) the undersigned has been informed of and understands VHGF III's investment objectives, policies and strategies, (ii) the undersigned has considered whether its investment in VHGF III is consistent with the provisions of ERISA (as defined below) or other applicable law, (iii) the undersigned has consulted with its own counsel as to the proposed operation of VHGF III and has not relied on the Manager or its Affiliates or counsel as to whether or not the assets of VHGF III will be deemed to be plan assets under the Plan Asset Regulations, and (iv) the undersigned has the authority to invest in VHGF III under the governing documents relating to the undersigned and enter into such agreements and arrangements as are contemplated in the Operating Agreement with respect to VHGF III. As used herein, "ERISA" means the Employee Retirement Income Security Act of 1974, together with the rules and regulations promulgated thereunder, as amended, and "ERISA Investor" means any investor which is an employee benefit plan subject to Title I of ERISA or a plan subject to Section 4975 of the Internal Revenue Code of 1986, as amended, or is a nominee for, or is using the assets of, or is a trust established pursuant to, one or more such employee benefit plans.

C. The undersigned understands that neither the Securities and Exchange Commission nor any other Federal or state agency has recommended, approved or endorsed the purchase of the Interests as an investment or passed on the accuracy or adequacy of the information set forth in the Memorandum or any other Company documents.

D. The undersigned confirms that the undersigned is acquiring the Interests subscribed for herein solely for the undersigned's own account, for investment, and not with a view to the distribution or resale of such Interests.

E. The undersigned understands that: there are substantial restrictions on the transferability of the Interests; Investors in VHGF III have no rights to require the Interests to be registered under the Act (as defined below) or the securities laws of any state; there will be no public market for the Interests; and it may not be possible for the undersigned to liquidate the undersigned's investment in VHGF III, and accordingly, the undersigned may have to hold the Interests, and bear the economic risk of this investment indefinitely.

F. If the undersigned is an individual, the undersigned has the legal capacity and authority to execute, deliver, and perform the undersigned's obligations under this Subscription Agreement. If the undersigned is a corporation, partnership, trust, or other entity, the person executing this Subscription Agreement has the full power and authority to execute and deliver this Subscription Agreement on behalf of the subscribing entity, and such entity is duly formed and organized, validly existing, and in good standing under the laws of its jurisdiction of formation, and such entity is authorized by its governing documents to execute, deliver, and perform its obligations under this Subscription Agreement and to become a member of VHGF III.

G. If the undersigned is an entity, it has not been organized for the specific purpose of acquiring the Interests or if it has been organized for the specific purpose of acquiring Interests, each of its beneficial owners is separately accredited as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Act").

H. The undersigned understands that VHGF III is not an investment company based on its reliance on an exclusion from the definition of investment company for issuers, not making or presently proposing to make a public offering of their securities, whose outstanding securities (other than short-term paper) are beneficially owned by no more than 100 persons. Accordingly, the undersigned has furnished to the Manager, to the best of the undersigned's knowledge and ability, any and all relevant information to assist the Manager in limiting the number of investors to fewer than one hundred beneficial owners within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

I. If the undersigned is an entity, it represents that it is not itself an entity that would be an investment company but for the exclusions contained in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act, or, if it is such an entity, VHGF III may limit the undersigned's subscription to less than 10 per centum of VHGF III's outstanding voting Interests.

J. The undersigned acknowledges that VHGF III reserves the right to refuse any transfer of the Interests if the effect of a transfer would cause VHGF III to be required to register as an investment company under the 1940 Act.

K. If the undersigned is subject to ERISA, in making the proposed investment he is aware of and has taken into consideration the applicable fiduciary standards of conduct under ERISA, including but not limited to the prudence and diversification requirements of Section 404(a)(1) of ERISA.

L. Under penalties of perjury, the undersigned represents, warrants and certifies that the undersigned is not subject to "back up withholding" pursuant to Section 3406 of the Internal Revenue Code of 1986, as amended, and that the undersigned has provided the undersigned's correct tax identification number below.

M. The undersigned confirms that the undersigned has received no representations, warranties or written communications with respect to the offering of Interests other than those contained in the Memorandum, and in entering into this transaction the undersigned is not relying upon any information other than that contained in the Memorandum and the results of the undersigned's own independent investigation.

N. The undersigned hereby agrees that this subscription cannot be revoked without the consent of the Manager, and that the representations and warranties set forth in this Subscription Agreement shall survive the acceptance hereof by the Manager.

O. The undersigned acknowledges that the undersigned has been advised to consult with the undersigned's own attorney regarding legal matters concerning VHGF III and to consult with the undersigned's tax advisor regarding the tax consequences of participating in VHGF III.

4. Anti-Money Laundering Compliance. It is the policy of the Manager and VHGF III to comply with all anti-money laundering laws and regulations to which the Manager or VHGF III is or becomes subject in order to prevent, detect and deter money laundering and terrorist financing activities and other similar illegal activities. Accordingly, the undersigned hereby agrees to the following terms set forth in this Section 4.

A. The undersigned represents and warrants that acceptance by the Manager of this Subscription Agreement, together with the acceptance of the appropriate remittance, will not breach any applicable rules and regulations designed to avoid money laundering. Specifically, the undersigned represents and warrants that all evidence of identity provided is genuine and all related information furnished is accurate. The undersigned represents and warrants that the undersigned is subscribing for Interests in VHGF III for its own account, risk and beneficial interest; the undersigned is not acting as agent, representative, intermediary/nominee, derivatives counterparty or in any similar capacity for any other person; no other person will have a beneficial or economic interest in the Interests; and the undersigned does not have any intention or obligation to sell, distribute, assign or transfer all or a portion of the Interests to any other person.

B. The undersigned represents and warrants that: (i) it is not a Senior Foreign Political Figure[1], any member of the Immediate Family of a Senior Foreign Political Figure[2], or any Close Associate

1 "Senior Foreign Political Figure" means a current or former senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned commercial enterprise. In addition, a Senior Foreign Political Figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a Senior Foreign Political Figure.

of a Senior Foreign Political Figure[3]; (ii) it is not resident in, or organized or chartered under the laws of, a jurisdiction that has been designated by the Secretary of the Treasury under Section 311 or 312 of the USA PATRIOT Act[4] as warranting special measures due to money laundering concerns; (iii) its funds do not originate from, nor will they be routed through, an account maintained at a Foreign Shell Bank[5], an "offshore bank," or a bank organized or chartered under the laws of a Non-Cooperative Jurisdiction[6]; (iv) it has not been determined to be subject to the prohibitions contained in Presidential Executive Order No. 13224[7]; and (v) it has never been previously indicted for or convicted of any offense against the USA PATRIOT Act.

C. The undersigned acknowledges and agrees that VHGF III prohibits any investment, directly or indirectly, by or on behalf of the following persons or entities (each, a "Prohibited Investor"): (i) a person or entity whose name appears on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Assets Control ("OFAC"); (ii) a Foreign Shell Bank; (iii) a person or entity resident in or whose subscription funds are transferred from or through an account in a Non-Cooperative Jurisdiction, (iv) a person or entity whose name appears on any other list of prohibited persons and entities as may be mandated by applicable law or regulation; or (v) a person or entity whose name appears on any other list of prohibited persons and entities as may be provided to the undersigned by the Manager. The undersigned represents, warrants and covenants that neither the undersigned, nor any person controlling, controlled by, or under common control with the undersigned, nor any person having a beneficial interest in the undersigned, is a Prohibited Investor, and that the undersigned is not investing and will not invest in VHGF III on behalf of or for the benefit of any Prohibited Investor. The undersigned agrees to promptly notify VHGF III and the Manager of any change in information affecting this representation, warranty and covenant. The undersigned acknowledges that if, following its investment in VHGF III, the Manager reasonably believes that the undersigned is a Prohibited Investor, or has otherwise breached any material representation, warranty or covenant hereunder, the Manager may be obligated to freeze its investment, either by prohibiting additional investments, declining any redemption requests and/or segregating the assets constituting the investment in accordance with applicable regulations, or its investment may immediately be redeemed, and it shall have no claim against VHGF III, the Manager or their respective principals or affiliates for any form of damages or liabilities as a result of any of the aforementioned actions.

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2 The "Immediate Family of a Senior Foreign Political Figure" typically includes a Senior Foreign Political Figure's parents, siblings, spouse, children and in-laws.

3 A "Close Associate of a Senior Foreign Political Figure" is a person who is widely and publicly known internationally to maintain an unusually close relationship with a Senior Foreign Political Figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the Senior Foreign Political Figure.

4 "USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 (Pub. L. No. 107-56), as extended and modified.

5 "Foreign Shell Bank" means a Foreign Bank without a Physical Presence in any country, but does not include a Regulated Affiliate. "Foreign Bank" means an organization that: (i) is organized under the laws of a foreign country; (ii) engages in the business of banking; (iii) is recognized as a bank by the bank supervisory or monetary authority of the country of its organization or principal banking operations; (iv) receives deposits to a substantial extent in the regular course of its business; and (v) has the power to accept demand deposits, but does not include the U.S. branches or agencies of a foreign bank. "Physical Presence" means a place of business that is maintained by a Foreign Bank and is located at a fixed address, other than solely a post office box or an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities, at which location the Foreign Bank: (i) employs one or more individuals on a full-time basis; (ii) maintains operating records relating to its banking activities; and (iii) is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities. "Regulated Affiliate" means a Foreign Shell Bank that: (i) is an affiliate of a depository institution, credit union, or Foreign Bank that maintains a Physical Presence in the United States or a foreign country, as applicable; and (ii) is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or Foreign Bank.

6 "Non-Cooperative Jurisdiction" means any foreign country that has been designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering ("FATF"), of which the United States is a member and with which designation the United States representative to the group or organization continues to occur.

7 Executive Order 13224 of September 23, 2001. Blocking Property and Prohibited Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism. Federal Register Vol. 66, No. 186.

D. The undersigned acknowledges and agrees that any redemption proceeds paid to it will be paid to the same account from which its investment in VHGF III was originally remitted, unless the Manager, in its sole discretion, agrees otherwise.

E. The undersigned acknowledges and agrees that the Manager may release confidential information about it and, if applicable, any Underlying Investor or beneficial owner thereof, to regulatory, self-regulatory and/or law enforcement authorities, if the Manager, in its sole discretion, determines to do so.

F. The undersigned acknowledges that due to applicable anti-money laundering laws and regulations, the Manager may require further information or representations from the undersigned before the undersigned's subscription documents can be processed, including, without limitation, further information or representations regarding the identification of the undersigned and the source of its funds. The undersigned agrees to promptly provide any information or representations deemed necessary by the Manager, in its sole discretion, to comply with its anti-money laundering program and related responsibilities from time to time.

G. The undersigned shall hold harmless and indemnify the Manager, VHGF III and their respective principals and affiliates from and against any loss, damage, expense, liability or reasonable attorneys' fees arising out of or related to the undersigned's breach of any term set forth in this Subscription Agreement. The Manager shall not be liable to the undersigned for any disclosure of any information provided by the undersigned to the Manager or VHGF III if the Manager reasonably believed such disclosure was necessary to comply with anti-money laundering laws and regulations. In the event of delay or failure by the undersigned to produce any information or representations required for verification purposes, the Manager may, until such proper information or representations have been provided, take such actions as it in its sole discretion deems necessary, including, without limitation, refusing to accept the undersigned's subscription documents and the funds relating thereto.

5. Reliance on Representations and Warranties. The undersigned understands the meaning of the representations and warranties contained in this Subscription Agreement, the Accreditation Questionnaire to Prospective Offerees attached hereto (the "Accreditation Questionnaire"), and the Suitability Questionnaire attached hereto (the "Suitability Questionnaire") and understands and acknowledges that VHGF III and the Manager are relying upon the representations and warranties contained in this Subscription Agreement and in the Accreditation Questionnaire in determining whether the offering is eligible for exemption from the registration requirements contained in the Act and in determining whether to accept the subscription tendered hereby. The undersigned represents and warrants that the information contained in this Subscription Agreement, the Accreditation Questionnaire and the Suitability Questionnaire are true and correct as of the date hereof and agrees to notify immediately the Manager of any changes in such information (or, if there have been any changes in the information provided to VHGF III by the undersigned in either the Accreditation Questionnaire and/or the Suitability Questionnaire since the respective dates such questionnaires were furnished, the undersigned has advised VHGF III in writing of such changes). The undersigned hereby agrees to indemnify and hold harmless VHGF III, the members thereof and the Manager from and against any and all losses, damages, expenses, liabilities or reasonable attorneys' fees (including attorneys' fees and expenses incurred in a securities or other action in which no judgment in favor of the undersigned is rendered) due to or arising out of a breach of any representation or warranty of the undersigned, whether contained in the Operating Agreement, this Subscription Agreement, the Accreditation Questionnaire or the Suitability Questionnaire. Notwithstanding any of the representations, warranties, acknowledgments or agreements made in this Subscription Agreement, as well as those made in the Accreditation Questionnaire and the Suitability Questionnaire by the undersigned, the undersigned does not thereby or in any other manner waive any rights granted to the undersigned under federal or state securities law.

6. Survival of Representations and Warranties. In the event that this subscription is accepted, the undersigned agrees that the representations, warranties and agreements set forth in this Subscription Agreement, the Accreditation Questionnaire and the Suitability Questionnaire shall survive the acceptance of this subscription.

7. Confidentiality. In connection with the undersigned's subscription, the undersigned has received and will receive access to certain information which is either non-public or proprietary in nature. The undersigned hereby agrees to treat any Evaluation Material, as defined below, in accordance with the provisions set forth below, acknowledging the confidential and proprietary nature of such Evaluation Material. As used herein, the term

"Evaluation Material" shall mean the Memorandum, the Operating Agreement and any and all financial, technical, commercial or other information concerning the business and affairs of VHGF III or the Manager or its affiliates that has been or may hereafter be provided or shown to the undersigned or the undersigned's employees, representatives or agents (including attorneys and financial advisors) (collectively "Representatives"), irrespective of the form of the communication, by VHGF III or by its Representatives, and also includes all notes, analyses, compilations, studies or other material prepared by the undersigned or any of the undersigned's Representatives containing or based, in whole or in part, on any information provided or shown by VHGF III or by its Representatives. The term "Evaluation Material" does not include information which (i) was or becomes generally available to the public other than as a result of a disclosure by the undersigned or any of the undersigned's Representatives, or (ii) becomes available to the undersigned on a non-confidential basis from a source other than VHGF III or its Representatives, provided that such source is not bound by a confidentiality agreement with VHGF III or its Representatives or otherwise prohibited from transmitting the information to the undersigned or any of the undersigned's Representatives by a contractual, legal or fiduciary obligation.

The undersigned agrees that the Evaluation Material will be kept confidential by the undersigned and the undersigned's Representatives. The undersigned further agrees that the undersigned and the undersigned's Representatives will not use any of the Evaluation Material for any reason or purpose other than to evaluate this investment, and shall only be disclosed to (i) those of the undersigned's Representatives who need to know such information for the purpose of evaluating this investment (it being agreed that the undersigned shall inform such persons of the confidential nature of such information, direct them to treat such information confidentially and be responsible for a breach of the provisions hereof by the undersigned's representatives), and (ii) such other persons as VHGF III consents to in writing.

In the event that the undersigned or any of the undersigned's Representatives are requested or become legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to make any disclosure which is prohibited or otherwise constrained by this Section 7, the undersigned agrees to (i) provide VHGF III with prompt notice of such request(s) so that it may seek an appropriate protective order or other appropriate remedy, and (ii) cooperate with VHGF III in its efforts to decline, resist or narrow such requests.

Notwithstanding any other provision of this Subscription Agreement, to the extent disclosure would not violate federal or state securities or other applicable laws, the undersigned and each of its Representatives is authorized to disclose to any and all persons, without limitation of any kind, the "tax treatment" and the "tax structure" (within the meaning of section 1.6011-4 of the regulations promulgated under the Internal Revenue Code) of VHGF III and all materials of any kind (including opinions or other tax analyses) that are provided to the undersigned or its Representatives relating to such tax treatment or tax structure, except that, with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of VHGF III as well as other information, this authorization shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of VHGF III.

The provisions this Section 7 will survive the acceptance or rejection by VHGF III of this subscription indefinitely.

8. **Assignability**. The undersigned agrees not to transfer or assign this Subscription Agreement, or any interest of the undersigned therein. This Subscription Agreement and the representations and warranties contained herein shall be binding upon the heirs, executors, administrators, and other successors of the undersigned and this Subscription Agreement shall inure to the benefit of and be enforceable by VHGF III. If there is more than one signatory hereto, the obligations, representations, warranties, and agreements of the undersigned are made jointly and severally.

9. **Applicable Law; Venue; Mandatory Binding Arbitration**. This Subscription Agreement shall be deemed to have been made in the State of California and shall be construed, and the rights and liabilities determined, in accordance with the law of the State of California, without regard to the conflicts of laws rules of such jurisdiction. Any controversy or claim relating to or arising from this Subscription Agreement (an "Arbitrable Dispute") shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the Judicial Arbitration and Mediation Services (the "JAMS") as such rules may be modified herein or as otherwise agreed by the parties in controversy. The

forum for arbitration shall be Orange County, California. Following thirty (30) days' notice by any party of intention to invoke arbitration, any Arbitrable Dispute arising under this Subscription Agreement and not mutually resolved within such thirty (30) day period shall be determined by a single arbitrator upon which the parties agree.

10. **Entire Agreement**. This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, may be amended only by a writing executed by all of the parties, and supersedes any prior agreement between the parties with respect to the subject matter hereof.

11. **Power of Attorney**. In connection with the undersigned's subscription for Interests, the undersigned hereby irrevocably constitutes and appoints the Manager and with full power of substitution, as the undersigned's true and lawful representative and attorney-in-fact, granting unto such attorney-in-fact full power of substitution and with full power and authority in the undersigned's name, place and stead to make, execute, acknowledge, deliver, swear to, file and record in all necessary or appropriate places: (a) the Operating Agreement; (b) all other documents, certificates or instruments that the Manager deems appropriate to qualify, continue or terminate VHGF III as a limited liability company in the jurisdictions in which VHGF III may conduct business; (c) all instruments that the Manager deems appropriate to reflect a change or modification of VHGF III in accordance with the terms of the Operating Agreement; (d) all other certificates, documents and instruments with any jurisdiction that the Manager deems appropriate to carry out the business of VHGF III; (e) Certificates of Assumed Name; and (f) all conveyances and other instruments that the Manager deems appropriate to effect the dissolution and liquidation of VHGF III.

This Power of Attorney is coupled with an interest, is irrevocable, and shall survive the death, dissolution, incompetence or incapacity of the undersigned or an assignment by the undersigned of the undersigned's Interests except that where the assignee thereof has been admitted to VHGF III as a substituted member, this Power of Attorney shall survive such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any certificate, instrument or document necessary or appropriate to effect such substitution.

12. **Release of Claims**.

A. The undersigned (for itself and its Representatives) hereby releases, acquits and forever discharges the Company and the Manager, and their respective members, investors, employees, consultants, agents and representatives (including, but not limited to, Versant Commercial Brokerage, Inc.), and each of their respective affiliates (collectively, the "Released Parties"), from any and all claims and causes of action of any nature whatsoever arising from or otherwise relating to this offering in the Company and the undersigned's investment and subscription for Interests in the Company, which the undersigned and/or its Representatives may have against the Released Parties, regardless of whether any such claims or causes of action are now known or later discovered.

B. Furthermore, to the extent applicable, the undersigned expressly waives all of the benefits and rights granted to it pursuant to California Civil Code section 1542, which reads as follows: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR. The undersigned hereby certify that he/she has read all of this Section and the quoted California Civil Code section 1542, and that he/she understands all the same. The undersigned hereby expressly agrees that this release will extend and will apply to all unknown, unsuspected and unanticipated injuries and damages, as well as any injuries and damages that may be now disclosed

[Signature page follows.]

SIGNATURE PAGE FOR INDIVIDUALS AND JOINT ACCOUNTS

I/we hereby subscribe for $_____ of membership interests in Virtua High Growth Fund III, LLC.

_____	_____	_____
Print Name	Social Security No.	Date of Birth
_____	_____	_____
Print Name	Social Security No.	Date of Birth

_____ _____

_____ _____

_____ _____

Residential Address Mailing Address (if different)

Telephone: _____

Facsimile: _____

E-Mail: _____

Type of Ownership (Initial One)

____ Individual

____ Tenants in Common (Both Parties Sign)

____ Tenants by Entirety (Both Parties Sign)

____ Joint Tenants with Right of Survivorship (Both Parties Sign)

____ Community Property with Right of Survivorship (Both Parties Sign)

_____	_____	_____	_____
Signature	Date	Signature	Date

SIGNATURE PAGE FOR ENTITIES AND TRUSTS

The undersigned entity hereby subscribes for $_____ of membership interests in Virtua High Growth Fund III, LLC.

Form of Organization: ___ Partnership, ___ LLC, ___ Corporation, ___ Trust, Other: _____

Full Name of Entity/Trust: _____

Tax I.D. No. _____

Address:_____

_____

_____

Attention: _____

Telephone: _____

Facsimile: _____

E-Mail: _____

The undersigned warrants that he/she has full power and authority to execute this Subscription Agreement on behalf of the above entity or trust, and investment in VHGF III is not prohibited by the governing documents of the entity or trust.

Date: _____

Name of Entity/Trust: _____

By: _____
(Signature)

Signer's Printed Name: _____

Signer's Title: _____
(Example: Manager, Member, Trustee, etc.)

Signer's SSN/Tax ID: _____

By: _____
(Signature)

Signer's Printed Name: _____

Signer's Title: _____
(Example: Manager, Member, Trustee, etc.)

Signer's SSN/Tax ID: _____

SIGNATURE PAGE FOR IRAS

The undersigned entity hereby subscribes for $_____ of membership interests in Virtua High Growth Fund III, LLC.

Form of Organization: Individual Retirement Account (IRA)

Full Name of IRA: _____

Tax I.D. No. _____

Custodian/Trustee Reference No. _____

Investment Account No. _____

Custodian Mailing Address:

_____

_____

_____

Attention @ Custodian: _____

Custodian Telephone: _____

Custodian Facsimile: _____

Custodian E-Mail: _____

The undersigned warrants that he/she has full power and authority to execute this Subscription Agreement on behalf of the above IRA, and investment in VHGF III is not prohibited by the governing documents of the IRA.

Date: _____, 201__

Name of IRA: _____

By: _____
(IRA Participant's Signature)

IRA Participant's Name (Print): _____

**Custodian/Trustee should co-sign for Investors that are Individual Retirement Accounts (IRAs).*

_____
Signature of IRA Custodian/Trustee

ACCEPTANCE

The undersigned, as the Manager of **Virtua High Growth Fund III, LLC**, hereby accepts the foregoing subscription this ____ day of _____, 201__, on behalf of itself and on behalf of Virtua High Growth Fund III, LLC. This subscription shall not be binding until accepted by the Manager and shall become effective as of the date of such acceptance, upon the terms set forth in Sections 1 and 2 of the Subscription Agreement.

MANAGER:

VHGF MANAGEMENT LLC, an
Arizona limited liability company

By:_____
Quynh Palomino, Sole Managing Member

SCHEDULE A

VIRTUA HIGH GROWTH FUND III, LLC

ACCREDITATION QUESTIONNAIRE TO PROSPECTIVE OFFEREES

Note: Accredited Investor information is subject to third party verification.

(To be completed for each Offeree concurrent
with delivery of a Subscription Agreement)

The undersigned understands that membership interests ("Interests") offered by **Virtua High Growth Fund III, LLC** ("VHGF III") will not be registered under the Securities Act of 1933, as amended (the "Act"), or the laws of any state. The undersigned also understands that in order to ensure that the offering and sale of the Interests are exempt from registration under the Act and state law, VHGF III and the Manager are required to have reasonable grounds to believe, and must actually believe, after making reasonable inquiry that all Purchasers are able to evaluate the merits and risks of the investment and that all such Purchasers are able to bear the economic risk of the investment.

The undersigned understands that the information supplied in this letter will be disclosed to no one, without the undersigned's consent, other than (i) VHGF Management, LLC, an Arizona limited liability company ("Manager"), officers and employees of VHGF III and Manager and accountants and counsel to VHGF III and Manager, or (ii) if it is necessary for VHGF III or Manager to use such information to support the exemption from registration under the Act and state law which it claims for the offering.

BECAUSE VHGF III WILL RELY ON THE UNDERSIGNED'S ANSWERS IN ORDER TO COMPLY WITH FEDERAL AND STATE SECURITIES LAWS, IT IS IMPORTANT THAT THE UNDERSIGNED CAREFULLY ANSWER EACH APPLICABLE QUESTION. PURCHASERS MAY BE HELD LIABLE FOR ANY MISSTATEMENT OR OMISSION IN THIS QUESTIONNAIRE.

PART I - TO BE COMPLETED BY ALL INVESTORS

*NOTE: ***Investors that are individuals*** *subscribing to this Offering must also select one of options 1A, 1B or 1C below. Option 1C is solely available to parties who are directors and/or duly authorized officers or managers of VHGF III, and not to any other persons or entities subscribing to this Offering.*

Investors that are entities *which are comprised of multiple investors, members or beneficiaries (corporations, LLCs, trusts, partnerships, LLPs, or LPs) subscribing to this Offering, which are required to select option 1N below, must also select one of options 1A, 1B or 1C below.* ***Subscriptions relying on option 1N below without one of options 1A, 1B or 1C below also having been selected will be returned to the prospective Investor for completion.*** *Option 1C is solely available to parties who are directors and/or duly authorized officers or managers of VHGF III, and not to any other persons or entities subscribing to this Offering.*

Investors that are Individual Retirement Accounts (IRAs) *which are comprised of multiple investors, members or beneficiaries subscribing to this Offering are accredited if each and every one of the underlying beneficiaries are accredited. For Investors that are IRAs, the IRA Participant(s) must select option 1N below if the IRA meets the foregoing criterion, and must also select either option 1A, 1B or 1C below for the IRA Participant, as applicable.* ***Subscriptions relying on option 1N below without one of options 1A, 1B or 1C below also having been selected will be returned to the prospective investor for completion.*** *Option 1C is solely available to parties who are directors and/or duly authorized officers or managers of VHGF III, and not to any other persons or entities subscribing to this Offering.*

Investors that are trusts *which are comprised of multiple investors, members or beneficiaries subscribing to this Offering are accredited if each and every grantor of the trust is accredited. For Investors that are trusts, the trust must select option 1N below if the trust meets the foregoing criterion, and must also select either option 1A, 1B or 1C below for the trustor grantor, as applicable.* ***Subscriptions relying on option 1N below without one of options 1A, 1B or 1C below also having been selected will be returned to the prospective Investor for completion.*** *Option 1C is solely available to parties who are directors and/or duly authorized officers or managers of VHGF III, and not to any other persons or entities subscribing to this Offering.*

In order to induce VHGF III to permit the undersigned to purchase the Interests, the undersigned hereby represents as follows:

1. To ensure that the Interests are sold pursuant to an appropriate exemption from registration under applicable Federal and state securities laws, the undersigned is furnishing certain additional information by checking all boxes below preceding any statement below which is applicable to the undersigned.

   The undersigned certifies that the information contained in each of the following checked statements (to be checked by the Investor only if applicable) is true and correct and hereby agrees to notify the Manager of any changes which should occur in such information prior to the Manager's acceptance of any subscription.

   A. [___] The undersigned is a natural person whose individual net worth or joint net worth with that person's spouse as of the date hereof is in excess of $1,000,000 (excluding the value of the undersigned's primary residence).

   B. [___] The undersigned is 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 in excess of $300,000 in each of those years and has reasonable expectation of reaching the same income level in the current year.

   C. [___] The undersigned is a director or duly authorized officer (sometimes referred to as a 'manager') of VHGF III.

   D. [___] The undersigned is a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Interests, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D under the Act.

   E. [___] The undersigned is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), and either:

[__] the investment decision has been made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, or

[__] the employee benefit plan has total assets in excess of $5,000,000, or

[__] if a self-directed plan, investment decisions are made solely by persons that are accredited investors.

F. [___] The undersigned is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

G. [___] The undersigned is an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring interests in VHGF III, with total assets in excess of $5,000,000.

H. [___] The undersigned is a bank as defined in Section 3(a)(2) of the Act, or a 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.

I. [___] The undersigned is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

J. [___] The undersigned is an insurance company as defined in Section 2(a)(13) of the Securities Act of 1933.

K. [___] The undersigned is an 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.

L. [___] The undersigned is a 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.

M. [___] The undersigned is a 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.

N. [___] The undersigned is an entity in which each of the equity owners are accredited investors as defined in Rule 501(a) of Regulation D.*

2. Check the applicable statement below regarding "foreign persons" as such term is defined in Section 1446(e) of the Internal Revenue Code of 1986, as amended:

[___] Under penalties of perjury, the undersigned represents, warrants and certifies that it is a United States citizen.

[___] Under penalties of perjury, the undersigned represents, warrants and certifies that it is a United States permanent resident.

[___] Under penalties of perjury, the undersigned represents, warrants and certifies that it is a foreign person. ***Investors selecting this statement must also complete a Supplement of Foreign Investor, which form may be obtained by contacting VHGF III.*

The undersigned will notify VHGF III within sixty (60) days of a change to its foreign status.

THE UNDERSIGNED ALSO MUST COMPLETE AND SIGN EITHER PART II OR PART III OF THIS ACCREDITATION QUESTIONNAIRE.

PART II - TO BE COMPLETED BY INDIVIDUAL AND JOINT INVESTORS (INCLUDING, WHEN APPLICABLE, INDIVIDUAL TRUST GRANTORS)

(If subscribing as a Joint Account, each individual on the Joint Account must complete and sign his/her own Part II. Likewise, if subscribing as a Trust and such Trust has multiple trust grantors, each individual trust grantor must complete and sign his/her own Part II.)

In order to induce VHGF III and the Manager to permit the undersigned to purchase the Interests, I hereby represent as follows:

1. My full name, primary residence address and telephone number are (Required):

   Name: _____

   Address: _____

   Telephone: _____

   My social security number is: _____

   My E-mail address is: _____

2. My employer's name, business address and telephone number are (Required):

   Firm Name: _____

   Address: _____

   Telephone: _____

   Nature of business: _____

3. For the purpose of complying with certain state securities laws, the following information is required.

   In which State(s) do you file income tax returns? _____

   In which State do you hold a valid driver's license? _____

   In which State are you registered to vote? _____

4. I represent and warrant that the information contained in this Accreditation Questionnaire letter is complete, true and correct, and that I will notify VHGF III immediately of any material change in any statement made herein occurring prior to my receipt of VHGF III's acceptance of my subscription.

Dated: _____, 201__

_____
Investor's Signature

_____
Print or Type Name of Investor

PART III - TO BE COMPLETED BY ENTITIES, TRUSTS AND IRAS

1. Name of Entity/Trust/IRA Investor: _____
_____

2. (a) Address of the Investor (principal place of business):_____
_____

(b) Is the Investor's principal place of business located, or does the Investor have substantial amounts of assets, in any other state(s)? ____ Yes ____ No. If "Yes", which state(s)? _____
_____

(c) Telephone and facsimile (if any) number of the Investor:

Telephone: _____

Facsimile: _____

E-Mail Address: _____

3. The Investor is (check appropriate type and give the requested information):

____ Corporation (State and approximate date of incorporation: _____)

____ Partnership (State and approximate date on which original certificate was filed or date of partnership agreement if filing not required): _____

____ Limited Liability Company (State and approximate date on which original articles or certificate was filed): _____

____ Trust (State and date of Trust Agreement: _____)

____ Individual Retirement Account (Date of Formation: _____)

____ Other (Describe: _____)

4. Taxpayer Identification Number of the Entity/Trust/IRA Investor: _____

5. What are the approximate total assets and net worth of the Investor as of the date hereof?

Total Assets $_____ Net Worth $_____

6. Please provide the appropriate information for the **Investor's type of organization**. If the Investor is:

- a partnership, state the name and state of residence of each general partner; or
- a limited liability company, state the name and state of residence of each manager (or if no manager, each member); or
- a corporation, state the name and state of residence of each director, executive officer and over 10% stockholder, and provide the number of stockholders in such corporation; or
- a trust, state the name and state of residence of each trustee and the principal beneficiaries, and state if the trust is revocable or irrevocable; or
- an estate, state the names and states of residence of each executor or administrator and principal beneficiaries; or
- an individual retirement account (IRA), state the name of the custodian/trustee and the name and residence of the participant.

_____
_____
_____

7. State the nature of the Investor's business during the last 10 years and the Investor's present and proposed business:

_____
_____

8. (a) Was the Investor organized for the primary purpose of acquiring the Interests? ____Yes ____No. If "Yes", please explain.

_____
_____

(b) Does the amount of the Investor's subscription for Interests in VHGF III exceed 40% of the total assets of the Investor (or if the Investor is a partnership or LLC, the total committed capital of such partnership or LLC)? ____Yes ____No.

_____
_____

(c) If "Yes" to either question 8(a) or 8(b) above, the Investor certifies that it has an active investment program and that the approximate percentage of the total assets of the Investor (or, if the Investor is a partnership, the total committed capital of such partnership) that will be devoted to making an investment in VHGF III is:

Less than 10% _____
10% - 20% _____
21% - 30% _____
31% to 40% _____
Greater than 40% _____

(d) Were the securities of or interests in the Entity/Trust/IRA Investor sold by way of a registered public offering or an unregistered private placement?
____ Yes, by registered public offering. ____ Yes, by unregistered private placement. ____ No.

9. (a) Provide the number of Beneficial Owners in the Investor._____

(b) Provide a breakdown of the number of each of the following types of Beneficial Owners in the Investor, and if a Beneficial Owner is a corporation, partnership, LLC, trust, or other entity, provide the number of shareholders, partners, members, beneficiaries, or other equity or beneficial owners of each such Beneficial Owner.

Type of Beneficial Owner	**Number of such Beneficial Owners**	**If entity is a Beneficial Owner, number of its Beneficial Owners**
Individual	_____	N/A
Corporation	_____	_____
Partnership	_____	_____
Trust	_____	_____
Limited Liability Company	_____	_____
Other entities (describe):		
_____	_____	_____

10. If the Investor is a partnership or limited liability company, is the investment in Interests being participated in by the partners or members of the Investor in substantially the same proportions as prior investments made by the Investor? _____ Yes _____ No _____ Not applicable. If "No," please explain. _____
_____

11. Is the Investor engaged, or has the Investor ever held itself out or does the Investor presently hold itself out or anticipate holding itself out to the Beneficial Owners or the public as being engaged, or does the Investor anticipate engaging, in the business of investing, reinvesting, owning, holding, or trading in securities?

_____ Yes. _____ No. If "Yes," give details.

12. Is the Investor a corporate pension, stock bonus or profit-sharing plan, "simplified employee pension plan," so-called "Keogh" plan for self-employed individuals, individual retirement account, welfare benefit plan (such as a medical plan, death benefit plan or prepaid legal services plan), governmental plan, church plan, or any entity whose underlying assets are considered to be plan assets by reason of any investment in the entity, or otherwise a "benefit plan investor" within the meaning of 29 C.F.R. Section 2510.3-101(h)(2) (the Department of Labor plan asset regulations)?

_____ Yes _____ No

If "Yes," is the Investor subject to "participant-directed" or "self-directed" investments?

_____ Yes _____ No

If "Yes," check the box next to the applicable statement below:

[___] If any participant in the Investor is permitted to direct the investment of its assets, then: (a) the investment in VHGF III will be made as part of a generic investment option made available by Investor; (b) the decision to invest assets of the generic investment option will be made without direction from or consultation with the participant; (c) immediately following the investment in VHGF III, such investment will constitute less than 50% of the assets of the generic investment option; and (d) no representation has been or will be made to the participant that any specific portion of the generic investment option will be invested in VHGF III or that assets will continue to be invested in VHGF III, and any materials regarding VHGF III provided to the participant will contain a disclaimer to such effect.

13. Is the Investor a registered investment company under the Investment Company Act of 1940, as amended ("1940 Act")? _____ Yes _____ No

14. Does the Investor rely on the exemptions from registration under the 1940 Act contained in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act?

_____ Yes. _____ No. If "Yes," contact the Manager.

15. The Investor represents and warrants that the information contained in this Accreditation Questionnaire is complete, true and correct, and that it will notify VHGF III immediately of any material change in any statement made herein occurring prior to its receipt of VHGF III's acceptance of its subscription.

NOTE: If the Investor is an Individual Retirement Account (IRA), Part II of this Accreditation Questionnaire should also be filled out by the individual qualified as the participant in such IRA. If the Investor is a revocable trust, Part II of this Accreditation Questionnaire should also be filled out for each grantor of the trust. If the Investor is any other entity in which all equity owners are accredited, Part II of this Accreditation Questionnaire should also be filled out for each such equity owner.

[signature page follows]

Date: _____, 201__.

ENTITY/TRUST INVESTOR:

Name of Entity/Trust: _____

By: _____
(Signature)

Signer's Printed Name: _____

Signer's Title: _____
(Example: Manager, Member, Trustee, etc.)

By: _____
(Signature)

Signer's Printed Name: _____

Signer's Title: _____
(Example: Manager, Member, Trustee, etc.)

IRA / SELF-DIRECTED IRA INVESTOR:

Name of IRA: _____

By: _____
(IRA Participant's Signature)

IRA Participant's Printed Name: _____

SCHEDULE B

Signature Page to Operating Agreement

See Attached.

VIRTUA HIGH GROWTH FUND III, LLC

Counterpart Member Signature Page

The undersigned Member hereby executes the Operating Agreement of Virtua High Growth Fund III, LLC, an Arizona limited liability company, dated effective as of November 18, 2016, and hereby authorizes this signature page to be attached as a counterpart to such document.

Dated as of _____, 201__. Amount of Subscription for Interests: $_____

SIGNATURE BLOCK FOR INDIVIDUALS:

Individual's Signature: _____

Individual's Printed Name: _____

SIGNATURE BLOCK FOR JOINT ACCOUNTS:

Individual #1's Signature: _____

Individual #1's Printed Name: _____

Individual #2's Signature: _____

Individual #2's Printed Name: _____

SIGNATURE BLOCK FOR ENTITIES OR TRUSTS:

Name of Entity/Trust: _____

By: _____
(Signature)

Signer's Printed Name: _____

Signer's Title: _____
(Example: Manager, Member, Trustee, etc.)

By: _____
(Signature)

Signer's Printed Name: _____

Signer's Title: _____
(Example: Manager, Member, Trustee, etc.)

SIGNATURE BLOCK FOR IRAS:

Name of IRA: _____

By: _____
(Custodian/Trustee Signature)

Custodian/Trustee's Printed Name: _____

Custodian/Trustee's Title: _____

IRA Participant's Signature: _____

IRA Participant's Printed Name: _____

SCHEDULE C

VIRTUA HIGH GROWTH FUND III, LLC

SUITABILITY QUESTIONNAIRE

(To be completed for each Offeree concurrent with delivery of a Subscription Agreement)

The undersigned understands that the information supplied in this questionnaire will be disclosed to no one, without the undersigned's consent, other than (i) VHGF Management, LLC, an Arizona limited liability company ("Manager"), officers and employees of VHGF III and Manager and accountants and counsel to VHGF III and Manager, or (ii) if it is necessary for VHGF III or Manager to use such information to support the exemption from registration under the Act and state law which it claims for the offering.

BECAUSE VHGF III WILL RELY ON THE RESPONDENT'S ANSWERS IN ORDER TO COMPLY WITH FEDERAL AND STATE SECURITIES LAWS, IT IS IMPORTANT THAT THE UNDERSIGNED INVESTOR CAREFULLY ANSWER EACH APPLICABLE QUESTION. PURCHASERS MAY BE HELD LIABLE FOR ANY MISSTATEMENT OR OMISSION IN THIS QUESTIONNAIRE.

TO BE COMPLETED BY ALL INVESTORS
(Each responding individual must complete his/her own Suitability Questionnaire)

Name of Individual Investor OR Name of Person Answering Questions on behalf of an Entity/Trust/IRA Investor: _____

A. Please list all of the educational institutions you have attended (including colleges, and specialized training schools) and indicate the dates attended and the degree(s) obtained from each (if any).

From	To	Institution	Degree

B. Please provide the following information concerning your business experience:

B-1. Indicate your principal business experience or other occupations during the last ten years. (Please list your present, or most recent, position first and the others in reverse chronological order.)

From	To	Name and Address of Employer	Position

B-2. Describe, in greater detail, your present or most recent business or occupation, as listed in your answer to Question B-1. Please indicate such information as the nature of your employment, the principal business of your employer, the principal activities under your management or supervision and the scope (e.g., dollar volume, industry rank, etc.) of such activities.

_____
_____
_____
_____

B-3. Describe any significant business you engage in or intend to engage in other than as specified above.

_____
_____
_____
_____

C. Please provide the following information concerning your financial experience:

C-1. Indicate by check mark which of the following categories best describes the extent of your prior experience in the areas of investment listed below:

	Substantial Experience	**Limited Experience**	**No Experience**
Stock & Bonds	_____	_____	_____
Penny Stocks	_____	_____	_____
Government Securities	_____	_____	_____
Municipal (tax-exempt) Securities	_____	_____	_____
Stock options	_____	_____	_____
Commodities	_____	_____	_____
Real estate programs	_____	_____	_____
Securities for which no market exists	_____	_____	_____
Limited partnerships (tax deferred)	_____	_____	_____
Investments generally	_____	_____	_____

C-2. For those investments for which you indicated "substantial experience" above, please answer the following additional questions by checking the appropriate box:

(a) Do you make your own investment decisions with respect to such investments? (Please check the appropriate box with respect to your involvement in making investment decisions).

- ☐ Always
- ☐ Usually (i.e. most often)
- ☐ Frequently (i.e. regularly)
- ☐ Rarely

(b) What are your principal sources of investment knowledge or advice? (You may check more than one.)

- ☐ First-hand experience with industry
- ☐ Financial publication(s)
- ☐ Trade or industry publication(s)
- ☐ Banker(s)
- ☐ Broker(s)
- ☐ Investment Adviser(s)
- ☐ Attorney(s)
- ☐ Accountant(s)

C-3. Indicate by check mark whether you maintain any of the following types of accounts over which you, rather than a third party, exercise investment discretion, and the length of time you have maintained each type of account.

Securities (cash) ____ Yes ____ No Number of years _____

Securities (margin) ____ Yes ____ No Number of years _____

Commodities ____ Yes ____ No Number of years _____

C-4. Risk Exposure:

- ☐ Speculative
- ☐ Aggressive
- ☐ Moderate
- ☐ Low

C-5. Please provide in the space below any additional information which would indicate that you have sufficient knowledge and experience in financial and business matters so that you are capable of evaluating the merits and risks of investing in restricted securities of private or thinly traded enterprise.

_____

_____

_____

_____

C-6. Are you, your spouse, or any other immediate family members (including parents, in-laws, and siblings that are dependents) an officer, director or greater than ten percent (10%) member of VHGF III?

____ Yes ____ No

C-7. Are you, your spouse, or any other immediate family members (including parents, in-laws, and siblings that are dependents) employed by or associated with the securities industry (for example, is he/she a(n) investment advisor, sole proprietor, partner, officer, director, branch manager or broker at a broker-dealer firm or municipal securities dealer) or a financial regulatory agency (such as FINRA or the New York Stock Exchange)?

____ Yes ____ No

If Yes, please provide the name and contact information for such firm:

_____

_____

_____

_____

C-8. Are you a senior military, governmental or political official in a non-U.S. country?

____ Yes ____ No

If Yes, please provide the name of the country: _____

SCHEDULE D

Taxpayer Identification Number and Certification

U.S. Investors Only

Each Investor that is a U.S. person (e.g., a U.S. citizen or resident, a partnership organized under U.S. law, a corporation organized under U.S. law, a limited liability company organized under U.S. law, or an estate or trust; other than a foreign estate or trust whose income from sources without the U.S. is not includible in the beneficiaries' gross income) must provide VHGF III with its taxpayer identification number on a signed IRS form W-9. These forms are necessary for VHGF III to comply with its tax filing obligations and to establish that the Investor may not be subject to certain withholding tax obligations applicable to non-U.S. persons. The enclosed form contains detailed instructions for furnishing this information. **The completed forms W-9 must be returned to VHGF III; please do not send the forms to the IRS.**

Foreign Investors Only

Each Investor that **is not** a U.S. person (e.g., not a U.S. citizen or resident, not a partnership organized under U.S. law, not a corporation organized under U.S. law, not a limited liability company organized under U.S. law, or not an estate or trust organized under U.S. law) must provide VHGF III with its taxpayer identification number on a signed IRS form W8-BEN. These forms are necessary for VHGF III to comply with its tax filing obligations and to establish that the Investor may not be subject to certain withholding tax obligations applicable to non-U.S. persons. The enclosed form contains detailed instructions for furnishing this information. **The completed forms W-9 should be returned to VHGF III; please do not send the forms to the IRS.** These forms are necessary for VHGF III to comply with its tax filing obligations and to establish that the Investor may not be subject to certain withholding tax obligations applicable to non-U.S. persons. The enclosed form W-8BEN contains detailed instructions for furnishing this information. **The completed forms W8-BEN must be returned to VHGF III; please do not send the forms to the IRS.**

Form **W-9**
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification; check only **one** of the following seven boxes:

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____

Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number

			–			–				

or

Employer identification number

		–							

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here **Signature of U.S. person** ▶ **Date** ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at *www.irs.gov/fw9*.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding?* on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,

2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* above.

What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note. ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

Limited Liability Company (LLC). If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2—The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5—A corporation

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8—A real estate investment trust

9—An entity registered at all times during the tax year under the Investment Company Act of 1940

10—A common trust fund operated by a bank under section 584(a)

11—A financial institution

12—A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 5[2]
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note. You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on this page), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: *A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.*

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account[1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor[2]
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee[1] The actual owner[1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner[3]
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	**Give name and EIN of:**
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity[4]
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 2.

***Note.** Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.ftc.gov/idtheft* or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

Form **W-8BEN**

(Rev. February 2014)

Department of the Treasury
Internal Revenue Service

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

► **For use by individuals. Entities must use Form W-8BEN-E.**
► **Information about Form W-8BEN and its separate instructions is at *www.irs.gov/formw8ben.***
► **Give this form to the withholding agent or payer. Do not send to the IRS.**

OMB No. 1545-1621

Do NOT use this form if:	**Instead, use Form:**
• You are NOT an individual	W-8BEN-E
• You are a U.S. citizen or other U.S. person, including a resident alien individual	W-9
• You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the U.S. (other than personal services)	W-8ECI
• You are a beneficial owner who is receiving compensation for personal services performed in the United States	8233 or W-4
• A person acting as an intermediary	W-8IMY

Part I Identification of Beneficial Owner (see instructions)

1	Name of individual who is the beneficial owner	2 Country of citizenship
3	Permanent residence address (street, apt. or suite no., or rural route). **Do not use a P.O. box or in-care-of address.**	
	City or town, state or province. Include postal code where appropriate.	Country
4	Mailing address (if different from above)	
	City or town, state or province. Include postal code where appropriate.	Country
5	U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)	6 Foreign tax identifying number (see instructions)
7	Reference number(s) (see instructions)	8 Date of birth (MM-DD-YYYY) (see instructions)

Part II Claim of Tax Treaty Benefits (for chapter 3 purposes only) (see instructions)

9 I certify that the beneficial owner is a resident of _____ within the meaning of the income tax treaty between the United States and that country.

10 **Special rates and conditions** (if applicable—see instructions): The beneficial owner is claiming the provisions of Article _____ of the treaty identified on line 9 above to claim a _____ % rate of withholding on (specify type of income): _____

_____.

Explain the reasons the beneficial owner meets the terms of the treaty article: _____

_____

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income to which this form relates or am using this form to document myself as an individual that is an owner or account holder of a foreign financial institution,
- The person named on line 1 of this form is not a U.S. person,
- The income to which this form relates is:
  (a) not effectively connected with the conduct of a trade or business in the United States,
  (b) effectively connected but is not subject to tax under an applicable income tax treaty, or
  (c) the partner's share of a partnership's effectively connected income,
- The person named on line 1 of this form is a resident of the treaty country listed on line 9 of the form (if any) within the meaning of the income tax treaty between the United States and that country, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. **I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.**

Sign Here ►

_____ _____
Signature of beneficial owner (or individual authorized to sign for beneficial owner) Date (MM-DD-YYYY)

_____ _____
Print name of signer Capacity in which acting (if form is not signed by beneficial owner)

Instructions for Form W-8BEN

(Rev. February 2014)

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

Department of the Treasury
Internal Revenue Service

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form W-8BEN and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/formw8ben*.

What's New

FATCA. In 2010, Congress passed the Hiring Incentives to Restore Employment Act of 2010, P. L. 111-147 (the HIRE Act), which added chapter 4 of Subtitle A (chapter 4) to the Code, consisting of sections 1471 through 1474 of the Code and commonly referred to as "FATCA" or "chapter 4". Under chapter 4, participating foreign financial institutions (FFIs) and certain registered-deemed compliant FFIs are generally required to identify their U.S. account holders, regardless of whether a payment subject to withholding is made to the account. The IRS has published regulations that provide due diligence, withholding, and reporting rules for both U.S. withholding agents and FFIs under chapter 4.

This form, along with Form W-8ECI, W-8EXP, and W-8IMY, has been updated to reflect the documentation requirements of chapter 4. In particular, this Form W-8BEN is now used exclusively by individuals. Entities documenting their foreign status, chapter 4 status, or making a claim of treaty benefits (if applicable) should use Form W-8BEN-E.

Individual account holders (both U.S. and foreign) that do not document their status may be deemed recalcitrant and, in some cases, subject to 30% withholding on certain payments. Foreign individuals can avoid being classified as recalcitrant account holders by using Form W-8BEN to document their foreign status.

Foreign individuals should use Form W-8BEN to document their foreign status and claim any applicable treaty benefits for chapter 3 purposes (including a foreign individual that is the single member of an entity that is disregarded for U.S. tax purposes). See the instructions to Form W-8BEN-E concerning claims for treaty benefits and chapter 4 certifications in the case of a hybrid entity.

Reportable payment card transactions. Section 6050W was added by section 3091 of the Housing Assistance Tax Act of 2008 and requires information returns to be made by certain payers with respect to payments made to participating payees in settlement of payment card transactions and third party payment network transactions. Information returns are not required with respect to payments made to payees that are foreign persons, however.

A payer of a reportable payment may treat a payee as foreign if the payer receives an applicable Form W-8 from the payee. Provide this Form W-8BEN to the requestor if you are a foreign individual that is a participating payee receiving payments in settlement of payment card transactions that are not effectively connected with a U.S. trade or business of the payee.

More information. For more information on FATCA, go to *www.irs.gov/fatca*.

General Instructions

For definitions of terms used throughout these instructions, see *Definitions*, later.

Purpose of Form

Establishing status for chapter 3 purposes. Foreign persons are subject to U.S. tax at a 30% rate on income they receive from U.S. sources that consists of:

- Interest (including certain original issue discount (OID));
- Dividends;
- Rents;
- Royalties;
- Premiums;
- Annuities;
- Compensation for, or in expectation of, services performed;
- Substitute payments in a securities lending transaction; or
- Other fixed or determinable annual or periodical gains, profits, or income.

This tax is imposed on the gross amount paid and is generally collected by withholding under section 1441. A payment is considered to have been made whether it is made directly to the beneficial owner or to another person, such as an intermediary, agent, or partnership, for the benefit of the beneficial owner.

In addition, section 1446 requires a partnership conducting a trade or business in the United States to withhold tax on a foreign partner's distributive share of the partnership's effectively connected taxable income. Generally, a foreign person that is a partner in a partnership that submits a Form W-8BEN for purposes of section 1441 or 1442 will satisfy the documentation requirements under section 1446 as well. However, in some cases the documentation requirements of sections 1441 and 1442 do not match the documentation requirements of section 1446. See Regulations sections 1.1446-1 through 1.1446-6.

Note. The owner of a disregarded entity (including an individual), rather than the disregarded entity itself, must submit the appropriate Form W-8BEN for purposes of section 1446.

If you receive certain types of income, you must provide Form W-8BEN to:

- Establish that you are not a U.S. person;
- Claim that you are the beneficial owner of the income for which Form W-8BEN is being provided or a foreign partner in a partnership subject to section 1446; and
- If applicable, claim a reduced rate of, or exemption from, withholding as a resident of a foreign country with which the United States has an income tax treaty and who is eligible for treaty benefits.

You may also be required to submit Form W-8BEN to claim an exception from domestic information reporting and backup withholding (at the backup withholding rate under section 3406) for certain types of income that are not subject to foreign-person withholding at a rate of 30% under section 1441. Such income includes:

- Broker proceeds;
- Short-term (183 days or less) original issue discount (OID);
- Bank deposit interest;
- Foreign source interest, dividends, rents, or royalties; and
- Proceeds from a wager placed by a nonresident alien individual in the games of blackjack, baccarat, craps, roulette, or big-6 wheel.

A withholding agent or payer of the income may rely on a properly completed Form W-8BEN to treat a payment associated with the Form W-8BEN as a payment to a foreign person who beneficially owns the amounts paid. If applicable, the withholding agent may rely on the Form W-8BEN to apply a reduced rate of, or exemption from, withholding at source.

Provide Form W-8BEN to the withholding agent or payer before income is paid or credited to you. Failure to provide a Form W-8BEN when requested may lead to withholding at the foreign-person withholding rate of 30% or the backup withholding rate under section 3406.

Establishing status for chapter 4 purposes. An FFI may rely on a properly completed Form W-8BEN to establish your chapter 4 status as a foreign person. The Form W-8BEN should be provided to the FFI when requested. Failure to do so could result in 30 percent withholding on income paid or credited to you as a recalcitrant account holder from sources within the United States. See the definition of amounts subject to withholding, later.

Additional information. For additional information and instructions for the withholding agent, see the Instructions for the Requester of Forms W-8BEN, W-8BEN-E, W-8ECI, W-8EXP, and W-8IMY.

Who Must Provide Form W-8BEN

You must give Form W-8BEN to the withholding agent or payer if you are a nonresident alien who is the beneficial owner of an amount subject to withholding, or if you are an account holder of an FFI documenting yourself as a nonresident alien. If you are the single owner of a disregarded entity, you are considered the beneficial owner of income received by the disregarded entity. Submit Form W-8BEN when requested by the withholding agent, payer, or FFI whether or not you are claiming a reduced rate of, or exemption from, withholding.

You should also provide Form W-8BEN to a payment settlement entity (PSE) requesting this form if you are a foreign individual receiving payments subject to reporting under section 6050W (payment card transactions and third-party network transactions) as a participating payee. However, if the payments are income which is effectively connected to the conduct of a U.S. trade or business, you should instead provide the PSE with a Form W-8ECI.

Do not use Form W-8BEN if you are described below.

- You are a foreign entity documenting your foreign status, documenting your chapter 4 status, or claiming treaty benefits. Instead, use Form W-8BEN-E, Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities).
- You are a U.S. citizen (even if you reside outside the United States) or other U.S. person (including a resident alien individual). Instead, use Form W-9, Request for Taxpayer Identification Number and Certification, to document your status as a U.S. person.
- You are acting as a foreign intermediary (that is, acting not for your own account, but for the account of others as an agent, nominee, or custodian). Instead, provide Form W-8IMY, Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding and Reporting.
- You are a disregarded entity with a single owner that is a U.S. person. Instead, the owner should provide Form W-9. If the disregarded entity is a hybrid entity claiming treaty benefits, the entity should complete Form W-8BEN-E even if the single owner of such entity is a U.S. person that must also provide a Form W-9. See the instructions to Form W-8BEN-E for information on hybrid entities claiming treaty benefits.
- You are a nonresident alien individual who claims exemption from withholding on compensation for independent or dependent personal services performed in the United States. Instead, provide Form 8233, Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual, or Form W-4, Employee's Withholding Allowance Certificate.
- You are receiving income that is effectively connected with the conduct of a trade or business in the United States, unless it is allocable to you through a partnership. Instead, provide Form W-8ECI, Certificate of Foreign Person's Claim That Income Is Effectively Connected With the Conduct of a Trade or Business in the United States. If any of the income for which you have provided a Form W-8BEN becomes effectively connected, this is a change in circumstances and Form W-8BEN is no longer valid with respect to such income. You must file Form W-8ECI. See *Change in circumstances*, later.

Giving Form W-8BEN to the withholding agent. Do not send Form W-8BEN to the IRS. Instead, give it to the person who is requesting it from you. Generally, this will be the person from whom you receive the payment, who

credits your account, or a partnership that allocates income to you. An FFI may also request this form from you to document your account as other than a U.S. account. Give Form W-8BEN to the person requesting it before the payment is made to you, credited to your account, or allocated. If you do not provide this form, the withholding agent may have to withhold at the 30% rate (under chapter 3 and 4), backup withholding rate, or the rate applicable under section 1446. If you receive more than one type of income from a single withholding agent for which you claim different benefits, the withholding agent may, at its option, require you to submit a Form W-8BEN for each different type of income. Generally, a separate Form W-8BEN must be given to each withholding agent.

Note. If you own the income or account jointly with one or more other persons, the income or account will be treated by the withholding agent as owned by a foreign person that is a beneficial owner of a payment only if Forms W-8BEN or W-8BEN-E are provided by all of the owners. If the withholding agent or financial institution receives a Form W-9 from any of the joint owners, however, the payment must be treated as made to a U.S. person and the account treated as a U.S. account.

Change in circumstances. If a change in circumstances makes any information on the Form W-8BEN you have submitted incorrect, you must notify the withholding agent, payer, or FFI with which you hold an account within 30 days of the change in circumstances and you must file a new Form W-8BEN or other appropriate form.

If you use Form W-8BEN to certify that you are a foreign person, a change of address to an address in the United States is a change in circumstances. Generally, a change of address within the same foreign country or to another foreign country is not a change in circumstances. However, if you use Form W-8BEN to claim treaty benefits, a move to the United States or outside the country where you have been claiming treaty benefits is a change in circumstances. In that case, you must notify the withholding agent, payer, or FFI within 30 days of the move.

If you become a U.S. citizen or resident alien after you submit Form W-8BEN, you are no longer subject to the 30% withholding rate under section 1441 or the withholding tax on a foreign partner's share of effectively connected income under section 1446. To the extent you have an account with an FFI, your account may be subject to reporting by the FFI under chapter 4. You must notify the withholding agent, payer, or FFI within 30 days of becoming a U.S. citizen or resident alien. You may be required to provide a Form W-9. For more information, see Form W-9 and its instructions.

You may be a U.S. resident for tax purposes depending on the number of days you are physically present in the United States over a 3-year period. See Publication 519, available at irs.gov/publications/p519. If you satisfy the substantial presence test, you must notify the withholding agent, payer, or financial institution with which you have an account within 30 days and provide a Form W-9.

Expiration of Form W-8BEN. Generally, a Form W-8BEN will remain in effect for purposes of establishing foreign status for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect. For example, a Form W-8BEN signed on September 30, 2015, remains valid through December 31, 2018.

However, under certain conditions a Form W-8BEN will remain in effect indefinitely until a change of circumstances occurs. To determine the period of validity for Form W-8BEN for purposes of chapter 4, see Regulations section 1.1471-3(c)(6)(ii). To determine the period of validity for Form W-8BEN for purposes of chapter 3, see Regulations section 1.1441-1(e)(4)(ii).

Definitions

Account holder. An account holder is generally the person listed or identified as the holder or owner of a financial account. For example, if a partnership is listed as the holder or owner of a financial account, then the partnership is the account holder, rather than the partners of the partnership (subject to some exceptions). However, an account that is held by a single-member disregarded entity is treated as held by the person owning the entity.

Amounts subject to withholding. Generally, an amount subject to chapter 3 withholding is an amount from sources within the United States that is fixed or determinable annual or periodical (FDAP) income. FDAP income is all income included in gross income, including interest (as well as OID), dividends, rents, royalties, and compensation. FDAP income does not include most gains from the sale of property (including market discount and option premiums), as well as other specific items of income described in Regulations section 1.1441-2 (such as interest on bank deposits and short-term OID).

For purposes of section 1446, the amount subject to withholding is the foreign partner's share of the partnership's effectively connected taxable income.

Generally, an amount subject to chapter 4 withholding is an amount of U.S. source FDAP income that is also a withholdable payment as defined in Regulations section 1.1473-1(a). The exemptions from withholding provided for under chapter 3 are not applicable when determining whether withholding applies under chapter 4. For specific exceptions applicable to the definition of a withholdable payment, see Regulations section 1.1473-1(a)(4) (exempting, for example, certain nonfinancial payments).

Beneficial owner. For payments other than those for which a reduced rate of, or exemption from, withholding is claimed under an income tax treaty, the beneficial owner of income is generally the person who is required under U.S. tax principles to include the payment in gross income on a tax return. A person is not a beneficial owner of income, however, to the extent that person is receiving the income as a nominee, agent, or custodian, or to the extent the person is a conduit whose participation in a transaction is disregarded. In the case of amounts paid that do not constitute income, beneficial ownership is determined as if the payment were income.

Foreign partnerships, foreign simple trusts, and foreign grantor trusts are not the beneficial owners of income paid to the partnership or trust. The beneficial owners of income paid to a foreign partnership are generally the partners in the partnership, provided that the partner is not itself a partnership, foreign simple or grantor trust, nominee or other agent. The beneficial owners of income paid to a foreign simple trust (that is, a foreign trust that is described in section 651(a)) are generally the beneficiaries of the trust, if the beneficiary is not a foreign partnership, foreign simple or grantor trust, nominee or other agent. The beneficial owners of a foreign grantor trust (that is, a foreign trust to the extent that all or a portion of the income of the trust is treated as owned by the grantor or another person under sections 671 through 679) are the persons treated as the owners of the trust. The beneficial owners of income paid to a foreign complex trust (that is, a foreign trust that is not a foreign simple trust or foreign grantor trust) is the trust itself.

For purposes of section 1446, the same beneficial owner rules apply, except that under section 1446 a foreign simple trust rather than the beneficiary provides the form to the partnership.

The beneficial owner of income paid to a foreign estate is the estate itself.

Note. A payment to a U.S. partnership, U.S. trust, or U.S. estate is treated as a payment to a U.S. payee that is not subject to 30% withholding under chapter 3 or 4. A U.S. partnership, trust, or estate should provide the withholding agent with a Form W-9. For purposes of section 1446, a U.S. grantor trust or disregarded entity shall not provide the withholding agent a Form W-9 in its own right. Rather, the grantor or other owner shall provide the withholding agent the appropriate form.

Chapter 3. Chapter 3 means Chapter 3 of the Internal Revenue Code (Withholding of Tax on Nonresident Aliens and Foreign Corporations). Chapter 3 contains sections 1441 through 1464.

Chapter 4. Chapter 4 means Chapter 4 of the Internal Revenue Code (Taxes to Enforce Reporting on Certain Foreign Accounts). Chapter 4 contains sections 1471 through 1474.

Deemed-compliant FFI. Under section 1471(b)(2), certain FFIs are deemed to comply with the regulations under chapter 4 without the need to enter into an FFI agreement with the IRS. However, certain deemed-compliant FFIs are required to register with the IRS and obtain a GIIN. These FFIs are referred to as ***registered deemed-compliant FFIs***. See Regulations section 1.1471-5(f).

Disregarded entity. A business entity that has a single owner and is not a corporation under Regulations section 301.7701-2(b) is disregarded as an entity separate from its owner. A disregarded entity does not submit this Form W-8BEN to a partnership for purposes of section 1446 or to an FFI for purposes of chapter 4. Instead, the owner of such entity provides appropriate documentation. See Regulations section 1.1446-1 and section 1.1471-3(a)(3)(v), respectively.

Certain entities that are disregarded for U.S. tax purposes may be recognized for purposes of claiming treaty benefits under an applicable tax treaty (see the definition of hybrid entity below). A hybrid entity claiming treaty benefits is required to complete Form W-8BEN-E. See Form W-8BEN-E and its instructions.

Financial account. A financial account includes:

- A depository account maintained by a financial institution;
- A custodial account maintained by a financial institution;
- Equity or debt interests (other than interests regularly traded on an established securities market) in investment entities and certain holding companies, treasury centers, or financial institutions as defined in Regulations section 1.1471-5(e);
- Cash value insurance contracts; and
- Annuity contracts.

For purposes of chapter 4, exceptions are provided for accounts such as certain tax-favored savings accounts; term life insurance contracts; accounts held by estates; escrow accounts; and annuity contracts. These exceptions are subject to certain conditions. See Regulations section 1.1471-5(b)(2). Accounts may also be excluded from the definition of financial account under an applicable IGA.

Financial institution. A financial institution generally means an entity that is a depository institution, custodial institution, investment entity, or an insurance company (or holding company of an insurance company) that issues cash value insurance or annuity contracts.

Foreign financial institution (FFI). A foreign financial institution (FFI) generally means a foreign entity that is a financial institution.

Foreign person. A foreign person includes a nonresident alien individual and certain foreign entities that are not U.S. persons (entities should complete Form W-8BEN-E rather than this Form W-8BEN).

Hybrid entity. A hybrid entity is any person (other than an individual) that is treated as fiscally transparent in the United States but is not treated as fiscally transparent by a country with which the United States has an income tax treaty. Hybrid status is relevant for claiming treaty benefits.

Intergovernmental agreement (IGA). An IGA means a Model 1 IGA or a Model 2 IGA. For a list of jurisdictions treated as having in effect a Model 1 or Model 2 IGA, see "List of Jurisdictions" available at www.irs.gov/fatca.

A ***Model 1 IGA*** means an agreement between the United States or the Treasury Department and a foreign government or one or more agencies to implement FATCA through reporting by FFIs to such foreign government or agency thereof, followed by automatic exchange of the reported information with the IRS. An FFI in a Model 1 IGA jurisdiction that performs account reporting to the jurisdiction's government is referred to as a ***reporting Model 1 FFI***.

A ***Model 2 IGA*** means an agreement or arrangement between the U.S. or the Treasury Department and a foreign government or one or more agencies to implement

FATCA through reporting by FFIs directly to the IRS in accordance with the requirements of an FFI agreement, supplemented by the exchange of information between such foreign government or agency thereof and the IRS. An FFI in a Model 2 IGA jurisdiction that has entered into an FFI agreement is a participating FFI, but may be referred to as a ***reporting Model 2 FFI***.

Nonresident alien individual. Any individual who is not a citizen or resident alien of the United States is a nonresident alien individual. An alien individual meeting either the "green card test" or the "substantial presence test" for the calendar year is a resident alien. Any person not meeting either test is a nonresident alien individual. Additionally, an alien individual who is a resident of a foreign country under the residence article of an income tax treaty, or an alien individual who is a bona fide resident of Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or American Samoa is a nonresident alien individual. See Pub. 519, U.S. Tax Guide for Aliens, for more information on resident and nonresident alien status.

Even though a nonresident alien individual married to a U.S. citizen or resident alien may choose to be treated as a resident alien for certain purposes (for example, filing a joint income tax return), such individual is still treated as a nonresident alien for chapter 3 withholding tax purposes on all income except wages. For purposes of chapter 4, a nonresident alien individual who holds a joint account with a U.S. person will be considered a holder of a U.S. account for chapter 4 purposes.

Participating FFI. A participating FFI is an FFI (including a Reporting Model 2 FFI) that has agreed to comply with the terms of an FFI agreement. The term participating FFI also includes a qualified intermediary (QI) branch of a U.S. financial institution, unless such branch is a reporting Model 1 FFI.

Participating payee. A participating payee means any person that accepts a payment card as payment or accepts payment from a third party settlement organization in settlement of a third party network transaction.

Payment settlement entity (PSE). A payment settlement entity is a merchant acquiring entity or third party settlement organization. Under section 6050W, a PSE is generally required to report payments made in settlement of payment card transactions or third party network transactions. However, a PSE is not required to report payments made to a beneficial owner that is documented as foreign with an applicable Form W-8.

Recalcitrant account holder. A recalcitrant account holder for purposes of chapter 4 includes an individual who fails to comply with the requests of an FFI for documentation and information for determining the U.S. or foreign status of the individual's account, including furnishing this Form W-8BEN when requested.

U.S. person. A U.S. person is defined in section 7701(a)(30) and includes an individual who is a citizen or resident of the United States.

Withholding agent. Any person, U.S. or foreign, that has control, receipt, custody, disposal, or payment of U.S. source FDAP income subject to chapter 3 or 4 withholding is a withholding agent. The withholding agent may be an individual, corporation, partnership, trust, association, or any other entity, including (but not limited to) any foreign intermediary, foreign partnership, and U.S. branches of certain foreign banks and insurance companies.

For purposes of section 1446, the withholding agent is the partnership conducting the trade or business in the United States. For a publicly traded partnership, the withholding agent may be the partnership, a nominee holding an interest on behalf of a foreign person, or both. See Regulations sections 1.1446-1 through 1.1446-6.

Specific Instructions

Part I

Line 1. Enter your name. If you are a foreign individual who is the single owner of a disregarded entity that is not claiming treaty benefits as a hybrid entity, with respect to a payment, you should complete this form with your name and information. If the account to which a payment is made or credited is in the name of the disregarded entity, you should inform the withholding agent of this fact. This may be done by including the name and account number of the disregarded entity on line 7 (reference number) of the form. However, if the disregarded entity is claiming treaty benefits as a hybrid entity, it should complete Form W-8BEN-E instead of this Form W-8BEN.

Line 2. Enter your country of citizenship. If you are a dual citizen, enter the country where you are both a citizen and a resident at the time you complete this form. If you are not a resident in any country in which you have citizenship, enter the country where you were most recently a resident. However, if you are a United States citizen, you should not complete this form even if you hold citizenship in another jurisdiction. Instead, provide Form W-9.

Line 3. Your permanent residence address is the address in the country where you claim to be a resident for purposes of that country's income tax. If you are completing Form W-8BEN to claim a reduced rate of withholding under an income tax treaty, you must determine your residency in the manner required by the treaty. Do not show the address of a financial institution, a post office box, or an address used solely for mailing purposes. If you do not have a tax residence in any country, your permanent residence is where you normally reside.

If you reside in a country that does not use street addresses, you may enter a descriptive address on line 3. The address must accurately indicate your permanent residence in the manner used in your jurisdiction.

Line 4. Enter your mailing address only if it is different from the address you show on line 3.

Line 5. If you have a social security number (SSN), enter it here. To apply for an SSN, get Form SS-5 from a Social Security Administration (SSA) office or online at www.socialsecurity.gov/online/ss-5.html. If you are in the

United States, you can call the SSA at 1-800-772-1213. Complete Form SS-5 and return it to the SSA.

If you do not have an SSN and are not eligible to get one, you can get an individual taxpayer identification number (ITIN). To apply for an ITIN, file Form W-7 with the IRS. It usually takes 4-6 weeks to get an ITIN. To claim certain treaty benefits, you must complete line 5 by submitting an SSN or ITIN, or line 6 by providing a foreign tax identification number (foreign TIN).

An ITIN is for tax use only. It does not entitle you to social security benefits or change your employment or immigration status under U.S. law.

A partner in a partnership conducting a trade or business in the United States will likely be allocated effectively connected taxable income. The partner is required to file a U.S. federal income tax return and must have a U.S. taxpayer identification number (TIN).

You must provide an SSN or TIN if you are:

- Claiming an exemption from withholding under section 871(f) for certain annuities received under qualified plans, or
- Submitting the form to a partnership that conducts a trade or business in the United States.

If you are claiming treaty benefits, you are generally required to provide an ITIN if you do not provide a tax identifying number issued to you by your jurisdiction of tax residence on line 6. However, an ITIN is not required to claim treaty benefits relating to:

- Dividends and interest from stocks and debt obligations that are actively traded;
- Dividends from any redeemable security issued by an investment company registered under the Investment Company Act of 1940 (mutual fund);
- Dividends, interest, or royalties from units of beneficial interest in a unit investment trust that are (or were upon issuance) publicly offered and are registered with the SEC under the Securities Act of 1933; and
- Income related to loans of any of the above securities.

Line 6. If you are providing this Form W-8BEN to document yourself with respect to a financial account that you hold at a U.S. office of a financial institution, provide the tax identifying number (TIN) issued to you by your jurisdiction of tax residence unless:

- You have not been issued a TIN, or
- The jurisdiction does not issue TINs.

If you have not provided your jurisdiction of residence TIN on line 6, provide your date of birth in line 8.

Line 7. This line may be used by the filer of Form W-8BEN or by the withholding agent to whom it is provided to include any referencing information that is useful to the withholding agent in carrying out its obligations. For example, withholding agents who are required to associate the Form W-8BEN with a particular Form W-8IMY may want to use line 7 for a referencing number or code that will make the association clear. A beneficial owner can use line 7 to include the number of the account for which he or she is providing the form. A foreign single owner of a disregarded entity can use line 7 to inform the withholding agent that the account to which a payment is made or credited is in the name of the disregarded entity (see instructions for line 1).

Line 8. If you are providing this Form W-8BEN to document yourself with respect to a financial account that you hold with a U.S. office of a financial institution, provide your date of birth. Use the following format to input your information MM-DD-YYYY. For example, if you were born on April 15, 1956, you would enter 04-15-1956.

Part II

Line 9. If you are claiming treaty benefits as a resident of a foreign country with which the United States has an income tax treaty for payments subject to withholding under chapter 3, identify the country where you claim to be a resident for income tax treaty purposes. For treaty purposes, a person is a resident of a treaty country if the person is a resident of that country under the terms of the treaty. A list of U.S. tax treaties is available at http://www.irs.gov/Individuals/International-Taxpayers/Tax-Treaties.

If you are related to the withholding agent within the meaning of section 267(b) or 707(b) and the aggregate amount subject to withholding received during the calendar year exceeds $500,000, then you are generally required to file Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b). See the Instructions for Form 8833 for more information on the filing requirements.

Line 10. Line 10 must be used only if you are claiming treaty benefits that require that you meet conditions not covered by the representations you make on line 9 and Part III. For example, persons claiming treaty benefits on royalties must complete this line if the treaty contains different withholding rates for different types of royalties. However, this line should always be completed by foreign students and researchers claiming treaty benefits. See *Scholarship and fellowship grants*, later, for more information.

This line is generally not applicable to treaty benefits under an interest or dividends (other than dividends subject to a preferential rate based on ownership) article of a treaty.

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual can use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause" which preserves or "saves" the right of each country to tax its own residents as if no tax treaty existed. Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes. The individual must use Form W-9 to claim the tax treaty benefit. See the instructions for Form W-9 for more information. Also see *Nonresident alien student or researcher who becomes a resident alien*, later, for an example.

Scholarship and fellowship grants. A nonresident alien student (including a trainee or business apprentice) or researcher who receives noncompensatory scholarship

or fellowship income can use Form W-8BEN to claim benefits under a tax treaty that apply to reduce or eliminate U.S. tax on such income. No Form W-8BEN is required unless a treaty benefit is being claimed. A nonresident alien student or researcher who receives compensatory scholarship or fellowship income must use Form 8233, instead of Form W-8BEN, to claim any benefits of a tax treaty that apply to that income. The student or researcher must use Form W-4 for any part of such income for which he or she is not claiming a tax treaty withholding exemption. Do not use Form W-8BEN for compensatory scholarship or fellowship income. See *Compensation for Dependent Personal Services* in the Instructions for Form 8233.

If you are a nonresident alien individual who received noncompensatory scholarship or fellowship income and personal services income (including compensatory scholarship or fellowship income) from the same withholding agent, you may use Form 8233 to claim a tax treaty withholding exemption for part or all of both types of income.

Completing lines 3 and 9. Most tax treaties that contain an article exempting scholarship or fellowship grant income from taxation require that the recipient be a resident of the other treaty country at the time of, or immediately prior to, entry into the United States. Thus, a student or researcher may claim the exemption even if he or she no longer has a permanent address in the other treaty country after entry into the United States. If this is the case, you can provide a U.S. address on line 3 and still be eligible for the exemption if all other conditions required by the tax treaty are met. You must also identify on line 9 the tax treaty country of which you were a resident at the time of, or immediately prior to, your entry into the United States.

Completing line 10. You must complete line 10 if you are a student or researcher claiming an exemption from taxation on your noncompensatory scholarship or fellowship grant income under a tax treaty.

Nonresident alien student or researcher who becomes a resident alien. You must use Form W-9 to claim an exception to a saving clause. See *Nonresident alien who becomes a resident alien*, earlier, for a general explanation of saving clauses and exceptions to them.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would complete Form W-9.

Part III

Form W-8BEN must be signed and dated by the beneficial owner of the amount subject to withholding or the account holder of an FFI (or an agent with legal authority to act on the person's behalf). If Form W-8BEN is completed by an agent acting under a duly authorized power of attorney for the beneficial owner or account holder, the form must be accompanied by the power of attorney in proper form or a copy thereof specifically authorizing the agent to represent the principal in making, executing, and presenting the form. Form 2848, Power of Attorney and Declaration of Representative, can be used for this purpose. The agent, as well as the beneficial owner or account holder, may incur liability for the penalties provided for an erroneous, false, or fraudulent form.

If any information on Form W-8BEN becomes incorrect, you must submit a new form within 30 days unless you are no longer an account holder of the requester that is an FFI and you will not receive a future payment with respect to the account.

Broker transactions or barter exchanges. Income from transactions with a broker or a barter exchange is subject to reporting rules and backup withholding unless Form W-8BEN or a substitute form is filed to notify the broker or barter exchange that you are an exempt foreign person.

You are an exempt foreign person for a calendar year in which:

- You are a nonresident alien individual or a foreign corporation, partnership, estate, or trust;
- You are an individual who has not been, and does not plan to be, present in the United States for a total of 183 days or more during the calendar year; and
- You are neither engaged, nor plan to be engaged during the year, in a U.S. trade or business that has effectively connected gains from transactions with a broker or barter exchange.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	2 hr., 52 min.
Learning about the law or the form	2 hr., 05 min.
Preparing the form	2 hr., 13 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from *www.irs.gov/formspubs/*. Click on "More Information" and then on "Give us feedback".

You can write to Internal Revenue Service, Tax Forms and Publications, SE:W:CAR:MP:TFP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send Form W-8BEN to this office. Instead, give it to your withholding agent.

SCHEDULE E

Certification of Accredited Investor Status or Provision of Verifying Financial Information

To subscribe for Interests, an Investor will be required to deliver to VHGF III along with this Subscription Agreement and Accreditation Questionnaire the below form of certification and agrees to provide to VHGF III such additional information as may be reasonably requested by VHGF III to enable it to satisfy itself as to the knowledge and experience of the undersigned's ability to bear the economic risk of an investment in the Interests:

1. ***For Individuals.*** Individuals (including all individuals investing in joint accounts and all individuals submitting documentation as participants in IRA Investors, as grantors of revocable trust Investors, or as equity owners in entity Investors in which all equity owners are accredited) must submit the *Certification of Accredited Investor Status* attached hereto at **page E-2** from one of the following persons or entities:

(i) A registered broker-dealer;

(ii) An investment adviser registered with the Securities and Exchange Commission;

(iii) A licensed attorney who is in good standing under the laws of the jurisdictions in which he or she is admitted to practice law (but excluding any attorney currently or formerly representing the Manager or Company);

(iv) A certified public accountant who is duly registered and in good standing under the laws of the place of his or her residence or principal office; or

(v) VHGF III (as necessary to evidence an Investor is a manager, director or executive officer of VHGF III).

2. ***For Entities, Trusts or IRAs.*** If the Investor is an IRA, Revocable Trust or other entity in which the respective IRA participant, trust grantors or equity owners are accredited, each such individual (i.e. the IRA participant, trust grantor or equity owner) should submit the *Certification of Accredited Investor Status* required in Part 1 of this Schedule E. For all other entities that are Investors, the person with control of such entities should contact the Manager to arrange for the provision of applicable certifications or verification of the qualification of such Investor as accredited.

CERTIFICATION OF ACCREDITED INVESTOR STATUS

VIRTUA HIGH GROWTH FUND III

Re: Accredited Investor Verification of _____ [NAME OF INVESTOR]

_____ [NAME OF INVESTOR] ("Investor") has requested that the undersigned provide this Status Certification Letter (this "Certification Letter") to verify the Investor's status as an "accredited investor" as defined by Rule 501(a) of the Securities Act of 1933, in connection with the Investor's purchase of units offered by companies who are advertising the sale of securities.

The undersigned certifies that [I/we/it] [am/are/is]:

- **O** a registered broker-dealer registered with FINRA, CRD Num._____;
- **O** an investment adviser registered with the Securities and Exchange Commission, CRD Num._____;
- **O** a licensed attorney in good standing in the State of_____, State Bar Num. _____; or
- **O** a certified public accountant duly registered and in good standing in the State of _____, CPA License/Certification Num. _____.

Based on the review of the supporting documentation identified below, I hereby attest that the Investor satisfies one of the following criteria to qualify as an accredited investor (select only one):

- **O** an individual (not a partnership, corporation, etc.) whose individual net worth, or joint net worth with his or her spouse, presently exceeds $1,000,000, exclusive of the value of his or her primary residence;[1]
- **O** an individual (not a partnership, corporation, etc.) who had an income in excess of $200,000 in each of the two most recent years, or joint income with his or her spouse 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;
- **O** an entity such as an Individual Retirement Account (IRA) or Self Employed Person (SEP) Retirement Account, and all beneficial owners meet one of the standards defined in bullets 1 and 2 above;
- **O** an employee benefit plan within the meaning of Title 1 of ERISA and the plan has total assets in excess of $5,000,000;
- **O** a corporation, partnership, Massachusetts business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000;
- **O** a trust with total assets in excess of $5,000,000;
- **O** a business in which all Investors are Accredited Investors; or
- **O** a bank, insurance company, registered investment company, business development company, or small business investment company.

In connection with this Certification Letter, the undersigned has reviewed the original or photocopies of the following documents:

- **O** Forms 1040 and supporting Forms W-2, Forms 1099, Schedules K-1 of Form 1065 for the two-most recent years;
- **O** Bank statements, brokerage statements, certificates of deposit or tax assessments;
- **O** Credit report from at least one of the nationwide consumer reporting agencies; and
- **O** Other documents (please specify and attach a list if necessary): _____.

This Certification Letter will operate as verification on which an offeror may reasonably rely, provided such verification is dated within ninety (90) days of Investor's subscription to the Offering in VHGF III.

SIGNATURE:_____ NAME:_____

COMPANY:_____ TITLE:_____

DATE: _____

[1] In calculating net worth you must exclude equity in the Investor's primary residence and deduct any negative equity in the primary residence (if any, as stated by the Investor) or any indebtedness incurred on the primary residence within the sixty (60) days prior to verification.

EXHIBIT C

SUMMARY OF THE COMPENSATION OF THE MANAGER AND ITS AFFILIATES

(SEE ATTACHED)

SUMMARY OF THE COMPENSATION OF THE MANAGER AND ITS AFFILIATES

The following is a description of compensation that may be paid to the Manager and its Affiliates in connection with the formation and operation of the Company's business. These compensation arrangements have been established by the Manager and are not the result of arms-length negotiations. In addition to the chart below, please see "Conflicts of Interest."

Form of Compensation	**Payee**	**Description**	**Estimated Amount of Compensation**
Annual Management Fee	VHGF Management, LLC	The Company will pay an annual Management Fee, pursuant to Sections 5.7.1 through 5.7.3 of the Operating Agreement, to the Manager as compensation to the Manager for its services in organizing and managing the Company. The amount of the Management Fee is two percent (2%) of the gross Offering amounts raised for the Company. Assets Under Management will not be adjusted for any change in the value of the Projects, Project Entities or Project Entity Interests. The Management Fee will be calculated on the last day of each calendar month at the rate of 0.167% of Assets Under Management at the close of business on the last day of each such month and paid within ten (10) days thereafter. The Management Fee to be paid to the Manager includes all costs and expenses incurred by the Manager for its services in managing the Company over the Company's entire lifecycle after the Offering, which could extend three years or more. These costs include those related to executive management and financial oversight of the Company; day-to-day bookkeeping services; Member management, office administration; document development and production; development and maintenance of computer software applications; tax preparation coordination; Company governance; general, comprehensive business insurance and key man life insurance, if any; regulatory filings coordination; and monitoring the status of investments as they progress. The Management Fee does not include costs relating to preparation of financial information by third party accountants, or transactional commissions and other expenses and fees which may arise in	In the event 2,000 Units are sold in the Offering and the Company raises $50,000,000, the estimated amount of the Management Fee is $1,000,000 per year. Over the expected 3-year lifecycle of the Company, the total Management Fee to be paid to the Manager is estimated to be $3,000,000.

Form of Compensation	**Payee**	**Description**	**Estimated Amount of Compensation**
		connection with the Company's acquisition of Projects and/or Project Entity Interests, from time to time. Such excluded fees that the Company will separately pay include, without limitation, attorneys' fees, due diligence consultants, and other third parties as necessary in Manager's discretion to complete any property transaction from time to time. See "Summary of Operating Agreement – Manager Compensation."	
Transaction Placement Fee	Versant Commercial Brokerage, Inc.	Per Section 5.7.4 of the Operating Agreement, Versant will receive a real estate placement fee in connection with the Company's acquisition of each Project or Project Entity Interest by or through the efforts of Versant, equal to three percent (3%) of the amount invested by the Company in each Project or Project Entity Interest, without inclusion of allocated leverage on the Project or the property underlying the Project Entity Interest. The transaction placement fee will be paid upon closing of the Company's purchase or other investment in the property or interest in property. See "Estimated Use of Proceeds."	If, for example, the Company invests $45,000,000 in Projects and Project Entity Interests (excluding any allocated leverage), the amount of the transaction placement fee to Versant would be $1,350,000.
Real Estate Brokerage Commission	Versant Commercial Brokerage, Inc.	Also pursuant to Section 5.7.4 of the Operating Agreement, to the extent the Company's investment in a Project is comprised of a direct acquisition of real estate, Versant may also receive a real estate brokerage commission. Any such commission will be at standard industry rates, and paid at the closing of the acquisition transaction. See "Estimated Use of Proceeds."	Cannot be determined at this time.
Asset Management Fees	Clear Vista Management, LLC	If engaged, Clear Vista will be entitled to receive asset management fees for its asset management services and/or property management services provided for the properties or interests in properties in which the	Cannot be determined at this time.

Form of Compensation	**Payee**	**Description**	**Estimated Amount of Compensation**
		Company invests or makes loans. These fees will be paid to Clear Vista directly by the owner(s) of each property from such property's operating funds. These fees will not be paid by the Company directly to Clear Vista. The asset management fees are market rate fees, based on the asset, tenancy and market of the property.	
Guarantee Fee	Virtua Partners, LLC	To the extent a lender may require a guarantor on a loan, Virtua Partners LLC (and/or Lloyd W. Kendall, Jr. and/or Quynh Palomino) may serve as guarantor, and in that capacity, will be entitled to receive a guarantee fee. This fee is calculated as one percent (1%) of the guaranteed loan amount, and is paid by the property owners to Virtua Partners LLC upon the closing of any such loan.	Cannot be determined at this time.
Distributions of Available Cash to Common Members	Virtua Partners, LLC	Per Sections 4.3 and 4.4 of the Operating Agreement, distributions to Common Member(s) of the Company equal to 50% of Available Cash after all Preferred Members' unpaid Accrued Annual Preferred Returns have been paid and all Preferred Members' Capital Contributions have been repaid. As the sole Common Member of the Company, Virtua Partners LLC is entitled to receive the entire distribution to the Common Members. See "Summary of Operating Agreement – Profits and Losses; Distributions and Return of Capital."	Cannot be determined at this time.
Distributions of Available Cash to Preferred Members	Manager and/or any of its Affiliates that are Preferred Members	Also pursuant to Sections 4.3 and 4.4 of the Operating Agreement, to the extent that the Manager and/or any of its affiliates are Preferred Members of the Company, they will be entitled to receive Member Distributions of Available Cash as follows: (i) a 15% Preferred Return on the amount of their investments;	Cannot be determined at this time.

Form of Compensation	**Payee**	**Description**	**Estimated Amount of Compensation**
		(ii) the repayment of their Unreturned Capital Contributions; and (iii) their pro rata share of 50% of all subsequent Member Distributions. See "Business of the Company – Distributions to Preferred Members" and "Summary of Operating Agreement – Profits and Losses; Distributions and Return of Capital."	

EXHIBIT D

INVESTMENT SUMMARY

(SEE ATTACHED)

VIRTUA HIGH GROWTH FUND III

An Opportunistic Commercial Real Estate Fund

Principals

Lloyd W. Kendall Jr. – Chairman of Virtua Partners

- Chairman and Co-founder of Bay Commercial Bank
- San Francisco based entrepreneur
- 35 years of experience in real estate investment and finance
- Practicing attorney since 1978 specializing in real estate and tax law
- Formerly employed at the Internal Revenue Service
- Founded and managed Lawyers Asset Management
- Former President of Equity Investment Exchange
- Lectured extensively throughout the U.S. on 1031 tax deferred exchanges
- Managed 30,000 individual 1031 exchanges

Quinn Palomino – President of Virtua Partners, Founder & Principal of Clear Vista Management

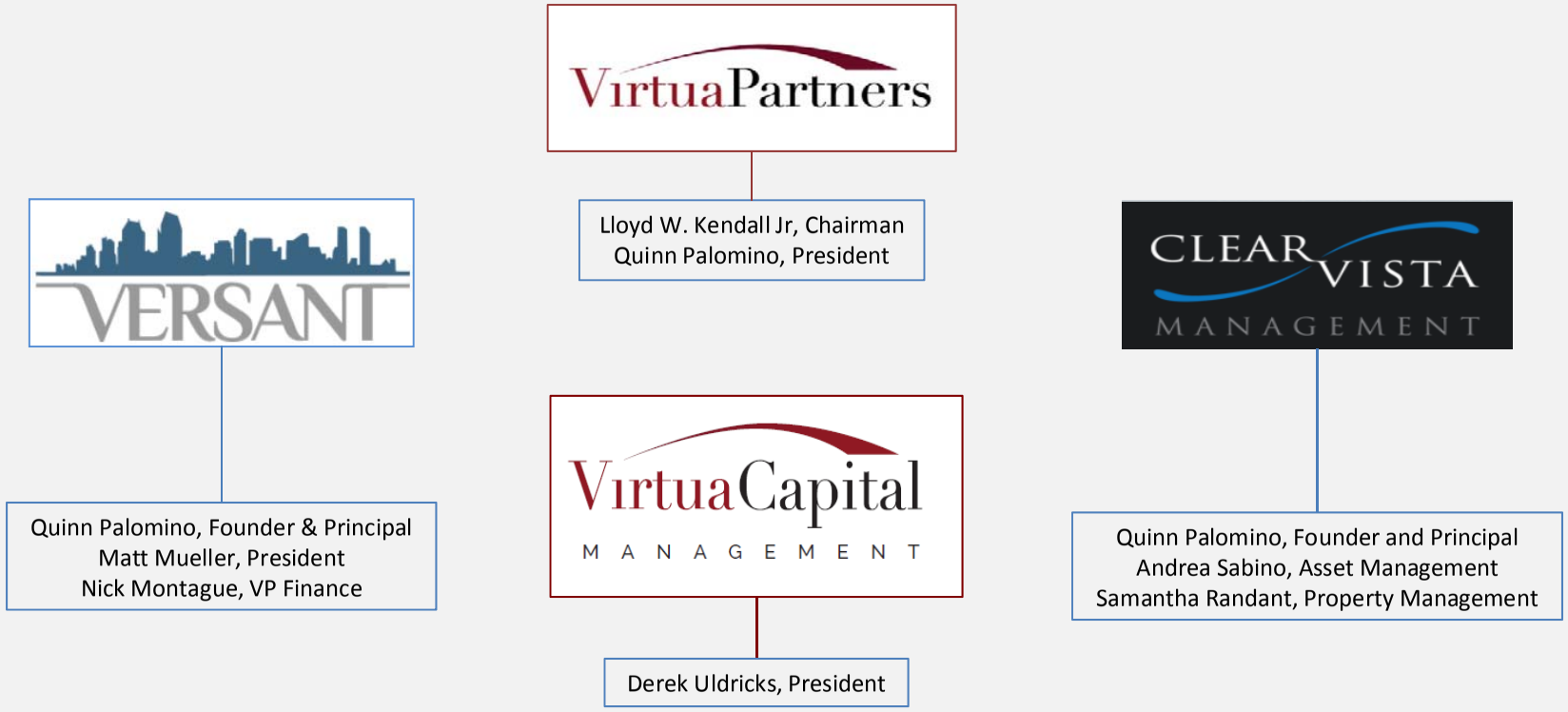
- San Diego and Phoenix based entrepreneur
- Specializes in asset management, property management, debt restructuring, debt and equity origination, and Section 721 rollup consulting
- Extensive investor relationships
- Previously worked on over $2B of debt restructurings at a workout firm
- Formerly a partner at a San Diego based construction and development company

Virtua Partners – About Us

- Virtua is the sponsoring entity for a family of real estate companies that provide debt and equity origination, asset management, property management, and advisory and consulting services
- Virtua and its family of companies have been engaged on approximately 300 transactions with collective loan values in excess of $4.5B
- National commercial real estate advisory
- Expertise with Tenant In Common (TIC) properties
- 21 projects in various stages of development

VirtuaPartners

Corporate Organization



Management Team

Matt Mueller – President of Versant Commercial Brokerage

- Over 13 years of capital markets and investment real estate experience, including more than 500 completed transactions
- Implemented the financial analysis, sourcing of debt and equity, and modeling for over $500M in recapitalization assignments
- Previously a Director of Real Estate for Andrew Arroyo Investments and a broker partner with Coldwell Banker Commercial
- BA from California State University, Chico

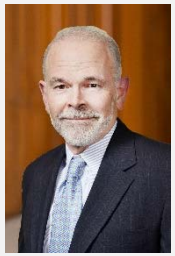
Derek Uldricks – President of Virtua Capital Management

- Over 10 years of experience in business development, real estate finance, and construction management experience
- Previous roles at JBT Incorporated, a San Diego based construction firm, and Criterion Mortgage Corporation, a boutique loan originator
- Graduate of the University of California, San Diego with a B.A. in Economics, a concentration in Finance, and a minor in Accounting.

Nick Montague – VP Finance for Versant Commercial Brokerage

- Head of the underwriting team for the Virtua family of companies for the last 6 years, where he has underwritten over $3B of commercial real estate across the United States, including multifamily, office, industrial, retail, hospitality, mixed use, and raw land
- Previously worked for Bridger Commercial Funding, a large CMBS lender, where he underwrote more than $500MM in CMBS debt
- Prior work includes project management and financial analysis for Ford Mance Company, a commercial real estate developer
- BS in Finance from California State University, Long Beach

Principals & Team



Lloyd W. Kendall Jr.
Chairman of Virtua Partners

Quynh Palomino
President of Virtua Partners
Founder & Principal of Clear Vista Management

Matt Mueller
President
Versant Commercial Brokerage

Derek Uldricks
President
Virtua Capital Management

Bret Maidman
General Counsel

Nick Montague
Vice President, Finance
Versant Commercial Brokerage

Cheramie Raffield
Accounting Director

Joe Whalen
President
Quyp Hospitality

Valerie Reid
Compliance & Investor Relations
Versant Commercial Brokerage

Wade Mains
President
Quyp Residential

Andrea Sabino
Asset Manager
Clear Vista Management

Our Opportunities - TIC Transactions

- **TIC Investment Characteristics (Problems)**
  - Sold to unsophisticated investors in mid 2000s
  - Purchased at the top of the market
  - Heavy load (fees to previous sponsors & sales reps)
  - Over-leveraged
  - Poor management
  - Excessive management fees

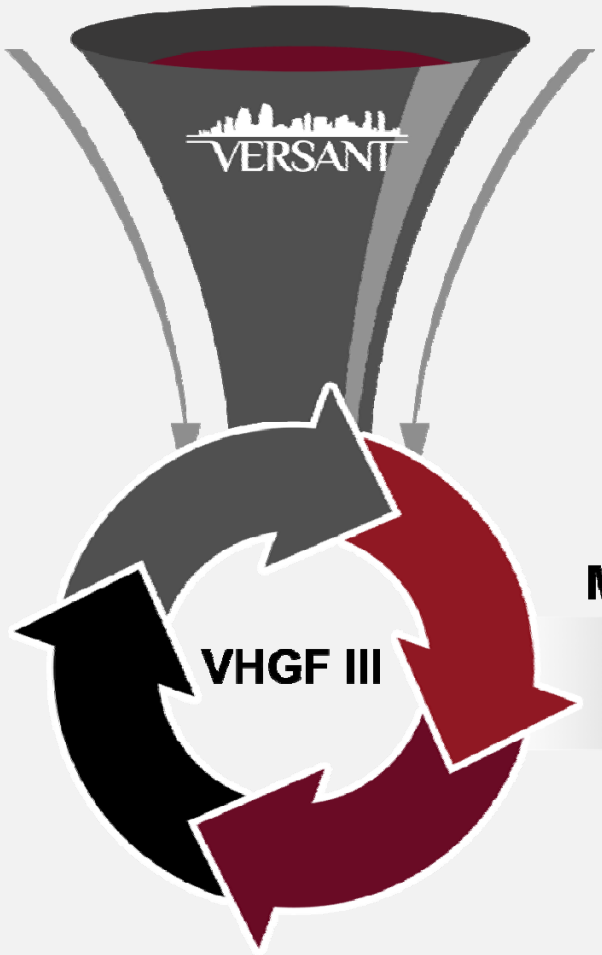
VirtuaPartners

Current TIC Deal Landscape

- Increasing interest rates make refinancing/sales more difficult
- Large amount of deals still need to be sorted out
- Up-tick in activity/distress
- Recent election results are causing some TIC investors to hold back further investment into their properties preferring to exit
- Investment opportunities for VHGF III

VirtuaPartners

How Do We Find Deals?



MONETIZATION

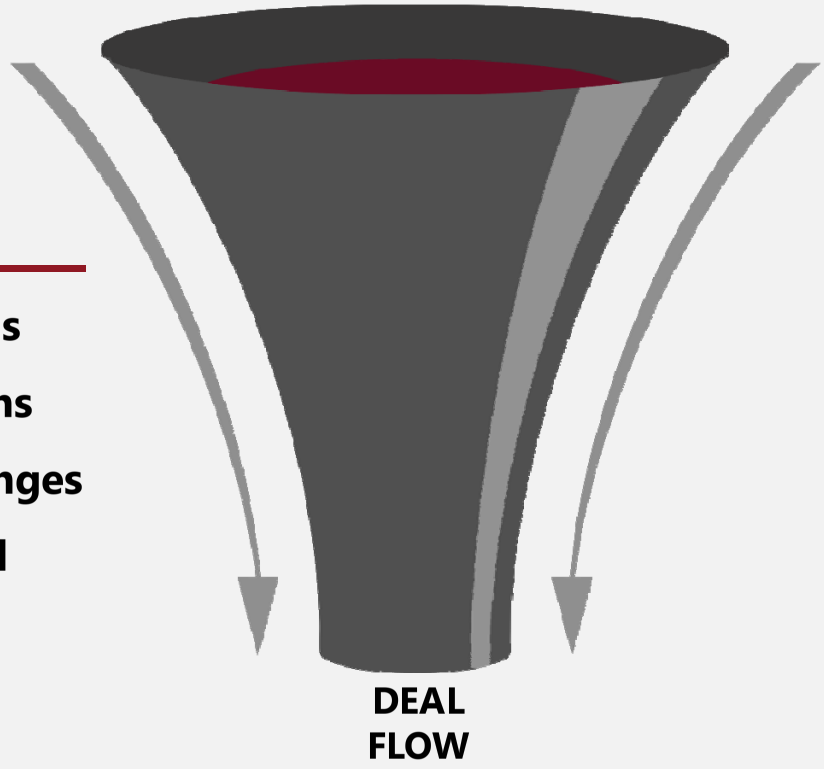
GOAL:
36 MONTHS

GOAL:
30%+ ROI

VirtuaPartners

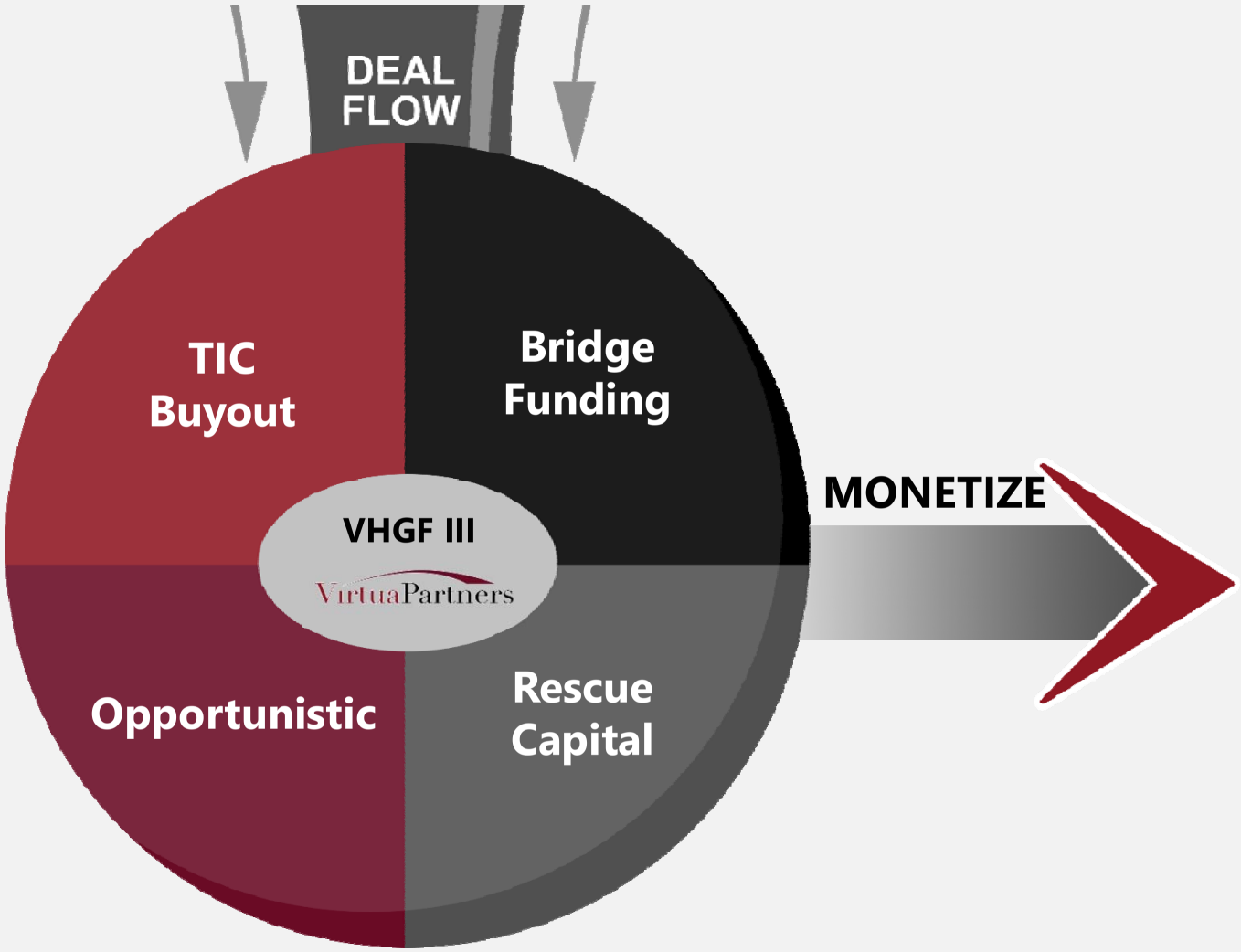
Niche Deal Flow

- Off Market Deals
- Special Situations
- Liquidity Challenges
- Need for Capital



VirtuaPartners

Investment Strategies



Investment Strategies Deployed

VHGF II Portfolio/Investments

Bridge Financing

Addison Corporate Center, Windsor, CT

Bridge Financing - Addison

- Opportunity
  - Off Market
  - Virtua sponsored deal
- Use
  - Engineering Studies
  - Miscellaneous costs
- Results
  - 142% XIRR
  - Approximate 2 month investment

Rescue Capital

Britannia Business Center, Pleasanton CA

Rescue Capital - Britannia

- Opportunity
  - Off Market
  - Improving market
  - Interim financing
- Capital Use
  - Tenant Improvements
  - Capital Improvements
  - Fund Marketing Plan
- Result
  - 65.14% XIRR to investors
  - Leasing
    - Roche - expansion
    - AVI-SPL – new tenant
  - 16% occupancy increase

TIC Buyout

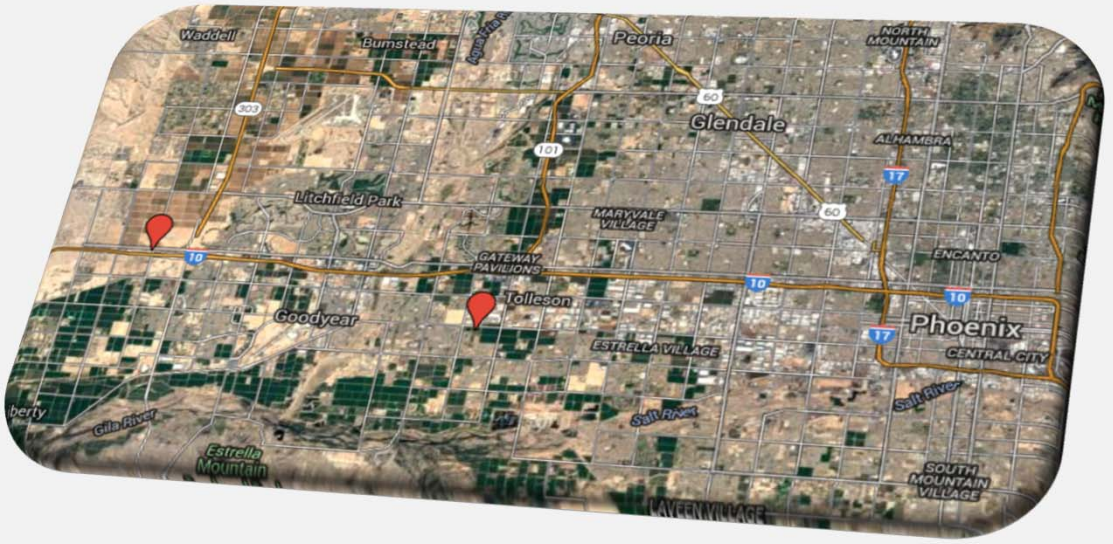
TIC Buyout – Patchen Oaks

- Opportunity
  - Off Market
  - Discounted Purchase
- Patchen Oaks Apts
  - Approximate $65K investment
  - Anticipated 5x equity multiple return

Development

Development – Virtua Industrial

- Opportunity
  - Entitlement
  - Horizontal Development
  - 6.41+/- Acres
- Capital Use
  - Entitlements
  - Reports
  - Studies
  - Marketing
- Projections
  - 69%+ IRR
  - 1-3 Year Investment



Exit Strategies

MONETIZE

Anticipated Term:
36 MONTHS

- **Asset Sales**
- **Refinance**
- **Partial Interest Sales**
- **Other Funds**

VHGF I Status and Track Record to date

VHGF

- 14 Total Investments
- 3 Realized Investments
- 11 Working Investments

Realized Investments

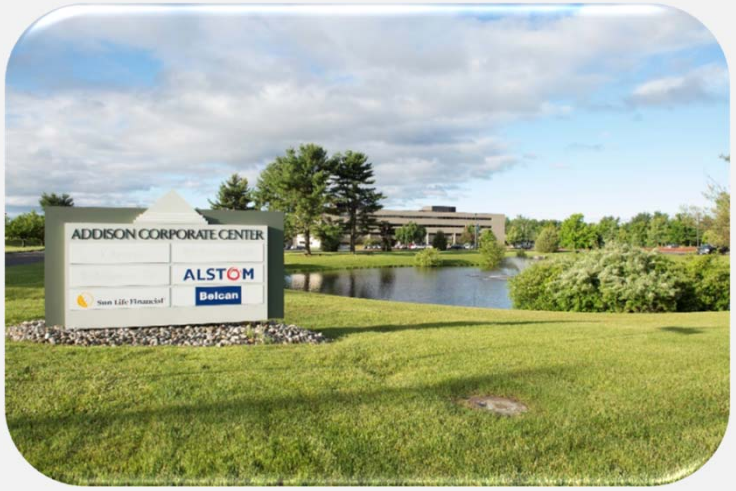
- Plymouth Meeting
  - 541% IRR
- Met Center 15
  - 257% IRR
- Beaumont Business Center
  - 0% IRR

123% IRR on cycled investments

First Distribution to Investors: September 2016
Return: 15% preferred return plus partial return of original capital investment
Aggregate Distribution: $650,000 from a $2,250,000 fund

Investment Summary

- **$100MM Offering**
- **Projected 30%+ ROI**
- **Projected hold period of 3 years**
- **Priority Return: 15%**
- **Incentive split: 50/50 thereafter**
- **Minimum investment of $25,000**



VirtuaPartners

Contact/For More Information

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