

RISK FACTORS

The SEC requires the company to identify risks that are specific to its business and its financial condition. The Company is still subject to all the same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently more risky than more developed companies. You should consider general risks as well as specific risks when deciding whether to invest.

We do not yet have any operating history. RatHaus is recently formed and we have not yet opened for business. As such, it is difficult to evaluate our prospects and the merits of an investment in RatHaus. We are dependent on the proceeds from the sale of securities in this Offering as well as other sources of capital identified in the Financial Condition of the Company below. There can be no assurance that we will achieve our business objective or that our business plan can be executed in the manner contemplated.

We are creating an entirely new restaurant concept. While our management has prior experience opening and operating restaurants that have gone on to become successful restaurant chains, RatHaus is not based on that same concept. We are not certain if this concept will work and cannot provide any assurance that it will.

Future net income, on which the notes in this Offering depend, are difficult to forecast and may vary significantly from period to period. Investors in this offering will receive payment on the notes based on the net income of RatHaus over six-month periods. There are a number of factors that will determine whether we achieve our anticipated net income in the above model. These factors include (i) the market acceptance of our services and provides, (ii) the amount and timing of expenditures required to execute our business plan, (iii) our ability to successfully implement our marketing, advertising, and sales activities, (iv) our ability to successfully recruit, hire, and retain key employees, and (v) general economic conditions affecting the restaurant industry.

We may not have net income available in any given payment period. Under the terms of the notes in this Offering, payments will only be made if the Company has generated positive net income and the Company has developed a sufficient reserve fund. Should we not have a positive net income for any given period, no payments will be made to investors for that period. Factors that may determine whether we have a positive net income include unanticipated as well as anticipated increases in expenses that are not offset by increased revenue.

We rely on a small management team to execute the vision for the restaurant. We will rely on the efforts of Mark DiMartino to make RatHaus successful. To the extent he is not available for any reason, our ability to make payments under the notes will be harmed.

Mark DiMartino will continue to be involved in other hospitality industry entities in addition to RatHaus Tempe, LLC. While we expect Mark DiMartino to devote as much time as necessary to make RatHaus Tempe successful, his efforts may be affected by his involvement with other hospitality entities he is involved with through Elias Restaurant Group, LLC, including the Titled Kilt. Mark DiMartino and Elias Restaurant Group have agreed to indemnify the Company against any claims brought against RatHaus Tempe, LLC based on the actions of Mark DiMartino. This indemnification agreement is included in the operating agreement of the Company.

We operate in a competitive market and will face competition from established restaurants. We will be directly competing with other restaurants that are already situated and operating in the vicinity of our chosen location. These restaurants may decide to devote resources in such a way that it becomes more difficult for us to achieve significant market penetration.

If we do not develop our brand image, our financial results may be impacted. As a German-themed restaurant, our brand image will be important for encouraging customers to come to RatHaus. If we are not able to promote our brand, we may not be successful.

Our financial statements contain a going concern opinion. As identified in its financial statements, our ability to continue as a going concern for the next twelve months is dependent upon our ability to generate sufficient cash flows from operations to meet our obligations, or obtain additional capital financing from investors.

We anticipate that expenses will greatly increase. Going forward, we will incur expenses related to the operations of our premises, compensation of personnel, and implementation of marketing and sales activities. These expenses are not yet reflected in the historical financial statement of RatHaus.

Our financial condition and results of operations will depend on our ability to manage future growth effectively. Our belief is that the operations of the restaurant will grow quickly in the next few years. Our ability to sustain growth depends on our ability to identify and evaluate the needs and wants of our customers and corresponding expenses. Should we fail to effectively manage future growth, our financial results may be negatively impacted.

We will be required to attract and retain sales, operations, and management personnel. In order to grow, we will be required to attract, hire, and retain personnel that will be responsible for implementing sales strategies, and carrying out day-to-day operations. If we are unable to attract and retain qualified and skilled personnel, we may not be able to execute our business plan, or adjust our plan as required in response to market conditions and customer demands.

We will be subject to various state and federal laws and regulations regarding employment, food safety, and alcohol sales. Our operations are subject to state and federal laws and regulations. These laws and regulations include labor laws covering employee classifications, unemployment tax rates, workers' compensation rates, citizenship requirements, and wage and benefit requirements for non-exempt employees; food safety regulations covering food storage, cleanliness, and employee conduct; and alcohol regulations covering minimum age of guests and employees, licensing, and sales. We may be adversely affected by civil or regulatory proceedings brought against the company under these laws and regulations.

There is no current market for any of our securities. There is no formal marketplace for the resale of securities sold under Regulation CF, and it is unlikely that such a marketplace will ever form. Additionally, there are restrictions on how these securities may be resold for a period of one year following their purchase.

We will need to raise additional funds in the future. Until our operations begin and we are profitable, we will require outside investments to sustain operations. When we do seek additional capital contributions, there is no guarantee that such funding will be available at the time. Further, if we do receive additional capital contributions in the future, the terms of such an offering may not be favorable to us, and may result in your investment being harmed.

We are currently raising funds at different terms than in this Offering. Concurrently with this Offering, we will be raising funds from accredited investors who are able to contribute larger sums of money. We are offering equity interests to accredited investors in a concurrent offering under Rule 506(c) of Regulation D.