Execution Version

DATED 28 OCTOBER 2016

IA CAPITAL STRUCTURES (IRELAND) PLC

Donec Real Estate Equity (Series 90) Notes due 2021

issued under its € 5,000,000,000 Secured Note Programme

SERIES MEMORANDUM

General

This Series Memorandum (as used herein, this "**Series Memorandum**") is prepared in connection with the EUR 5,000,000,000 Secured Note Programme (the "**Programme**") of IA Capital Structures (Ireland) plc (the "**Issuer**") and is issued in conjunction with, and incorporates by reference the contents of, the Programme Memorandum dated 15 March 2012 relating to the Programme (the "**Programme Memorandum**").

Neither this Series Memorandum nor the Programme Memorandum constitutes a prospectus for the purposes of the Prospectus Directive.

This document should be read in conjunction with the Programme Memorandum and the Master Conditions (March 2014 Edition). Save where the context otherwise requires, terms defined in the Programme Memorandum have the same meaning when used in this Series Memorandum.

Subject as set out below the Issuer accepts responsibility for the information contained in this Series Memorandum other than the information in sections (i) *Information relating to the* Portfolio Management Agreement, (ii) *Information relating to the Arranger and Calculation Agent*, (iii) *Information relating to the Sale Agent and Placing Agent;* and (iv) the information contained in the *Class B Subscription Agreement* (as defined herein and which is attached hereto as Appendix 1). To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information for which it accepts responsibility contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the information in the sections referred to in (i) to (iv) above has been accurately reproduced from information provided by (a) the Portfolio Manager in relation to (i), (b) the Arranger and Calculation Agent in relation to (ii), (c) the Sale Agent and Placing Agent in relation to (iii), and (d) the Borrower in relation to (iv), and as far as the Issuer is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Series Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

No person has been authorised to give any information or to make representations other than those contained in this Series Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Arranger, the Trustee or any of them. Neither the delivery of this Series Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

Sanne Fiduciary Services Limited (the "**Trustee**") has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by the Trustee as to the accuracy, completeness or nature of the information contained in this Series Memorandum, the *Class B Subscription Agreement (as defined herein)* or with respect to the legality of investment in the Notes by any prospective investor or purchaser under applicable legal investment or similar laws or regulations.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this Series Memorandum and the Programme Memorandum.

For as long as the Notes remain outstanding, copies of the following documents will be available for inspection in physical form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

(i) This Series Memorandum and the Programme Memorandum;

(ii) The Master Documents;

(iii) The Constituting Instrument dated the Issue Date;

(iv) The Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer;

(v) The Loan Transaction Documents; and

(vi) The Class B Subscription Agreement.

The Notes, which are described in this Series Memorandum, have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any of the States of the United States. Accordingly, the Notes are being offered and sold only in bearer form pursuant to the exemption afforded by Regulation S promulgated under the Securities Act solely outside of the United States and solely to non-U.S. persons and in specific reliance upon the representations by each Noteholder that (1) at the time of the offer and sale of the Notes to Noteholder, the Noteholder was not a U.S. Person as defined in Regulation S promulgated under the Securities Act, and (2) at the time of the offer and sale of the Notes to Noteholder and, as of the date of the execution and delivery of the purchasing or subscription agreement by the Noteholder, the Noteholder was outside of the United States. The Notes may not be offered or sold in the United States or to U.S. Persons (as defined in Regulation S) unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Notes are subject to certain United States tax law requirements.

Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the Charged Assets, the Borrower and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes, as the Notes described in this Series Memorandum may not be suitable for all purchasers of Notes. Purchasers of Notes should have sufficient knowledge and experience in financial, taxation, accounting, capital treatment and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Series Memorandum and the merits and risks of investing in the Notes in the context of their financial and regulatory position and circumstances. This Series Memorandum does not describe all of the risks and investment considerations applicable to an investment in the Notes. The risks and investment considerations identified in this Series Memorandum are provided as general information only and the Issuer disclaims any responsibility to advise purchasers of Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or as they may from time to time alter.

The following legend will appear on all Temporary or Permanent Global Notes and any Receipts, Coupons or Talons in respect thereof:

"***ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE U.S. INTERNAL REVENUE CODE.***"

The sections of the U.S. Internal Revenue Code referred to in the foregoing legend provide that, with certain exceptions, a United States taxpayer will not be entitled to deduct any loss, and will not be entitled to capital gains treatment in respect of any gain realised, on any sale, disposition or payment of a Note, Receipt, Coupon or Talon for U.S. federal income tax purposes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer of Notes to the public has not and may not be made in that Relevant Member State.

The Notes are illiquid investments, the purchase of which involves substantial risks. Any investor investing in the Notes should fully consider, understand and appreciate those risks.

PARTICULAR ATTENTION IS DRAWN TO THE SECTION OF THIS SERIES MEMORANDUM HEADED "RISK FACTORS".

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Documents incorporated by reference

The Programme Memorandum is incorporated in, and shall be taken to form part of this Series Memorandum. This Series Memorandum must be read and construed in conjunction with the Programme Memorandum and shall be deemed to modify and supersede the contents of such document to the extent that a statement contained herein is inconsistent with such contents.

Risk factors

General

The purchase of the Notes involves substantial risks. Each prospective purchaser of the Notes should be familiar with instruments having characteristics similar to the Notes and should fully understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Portfolio Manager, the Borrower, the Charged Assets (including the Loan Transaction Documents and the Class B Subscription Agreement), the Notes and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. As part of such independent investigation and analysis, prospective purchasers of Notes should consider carefully all the information set forth in this Series Memorandum and in the Programme Memorandum and the considerations set out below.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Series Memorandum and in the Programme Memorandum and the merits and risks of an investment in the Notes in the context of the investor's own financial circumstances and investment objectives.

Investment in the Notes (or a participation therein) is only suitable for investors who:

(1) are capable of bearing the economic risk of an investment in the Notes (or a participation therein) for a period up to and until the redemption of the Notes;

(2) are acquiring an interest in the Notes (or a participation therein) for their own account for investment, not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor's property be within its control); and

(3) recognise that it may not be possible to make any transfer of the Notes (or a participation therein) for a substantial period of time, if at all.

Each of the Issuer and the Arranger may, in its discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment. Attention is drawn, in particular, to the sections of the Programme Memorandum entitled "Conditions of the Notes - Security" and "Conditions of the Notes - Enforcement and Limited Recourse" and the sections in this Series Memorandum entitled "Information relating to the Portfolio Management Agreement" and "Information relating to the Charged Assets".

Risks relating to the Issuer and Transaction Parties

Special purpose company

The Issuer is a special purpose company and has been established for the purpose of issuing multiple Series of secured Notes under the Programme. The Issuer has issued share capital only in the amount of EUR 38,100. Should any unforeseen expenses or liabilities (which have not been provided for) arise, the Issuer may be unable to meet them, leading to an Event of Default under the Notes.

There is no certainty that Noteholders will recover any amounts payable under the Notes. Due to the limited recourse nature of the Notes (see "*Limited recourse*" below), claims in respect of the Notes are limited to the proceeds of enforcement of the Mortgaged Property and after the deduction of any applicable expenses. In addition, if a claim is brought against the Issuer (whether under statute, common law or otherwise) which is not subject to such contractual limited recourse provisions, the only assets available to meet such claim would be the proceeds of the issuance of the Issuer's ordinary shares and any transaction fees (see "*Fees*" below), to the extent any remain as at the date of such claim and are available to meet such claim. The only other assets of the Issuer will be the assets on which each Series is secured, which will be subject to the prior security interests of the relevant Noteholders and any other secured parties under that Series.

Limited recourse

The Notes will be limited recourse obligations of the Issuer secured on the Mortgaged Property (including the Charged Assets) and are not or will not (as the case may be) be obligations or responsibilities of, or guaranteed by, any other person or entity. **For the avoidance of doubt, none of the Trustee, the Arranger, the Portfolio Manager, any other Agent appointed by the Issuer or any other person has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes. There is no person that guarantees to Noteholders that they will recover any amounts payable under the Notes.**

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (including the Charged Assets comprised therein). The Noteholders shall have no recourse to the Issuer beyond the moneys derived by or on behalf of the Issuer in respect of the Mortgaged Property. To the extent that investment by the Issuer in the Charged Assets held by the Issuer results in such investment being less than the obligations of the Issuer under the Notes, the Issuer will have insufficient funds available to meet its obligations in respect of the Notes. In such event, any shortfall would be borne by the Noteholders in accordance with the priorities specified in the Conditions. See "*Nature of the investment*" below.

For the avoidance of doubt, Notes are not, and do not represent or convey any interest in the Charged Assets nor do they confer on the Noteholder any right (whether in respect of voting, dividend or other distribution) which a holder of any Charged Assets may have had. The Issuer is not an agent of the Noteholder for any purpose.

No Loan Guarantor

There is no Loan Guarantor guaranteeing the payment of principal or interest under the Loan Transaction Documents.

Liability for the obligations of other Series

The Issuer has undertaken not to incur any obligations with respect to any other Series of Notes unless recourse in respect of such obligations is limited to the proceeds of enforcement of the Security over the assets of the Issuer on which such obligations are secured (which assets shall exclude the Mortgaged Property securing any other Series of Notes). Nevertheless, to the extent there are any creditors with respect to a Series of Notes whose recourse is not so limited Noteholders may be exposed to risks incurred for the account of other Series.

Risks relating to the Notes

Nature of the investment

These Notes are not principal protected and are a high-risk investment in the form of a debt instrument. The Noteholders are neither assured of repayment of the capital invested nor are they assured of payment of a stated rate of interest. The Notes give Noteholders exposure to the Series Assets that the Issuer may invest in acting through the Portfolio Manager, see "*Investment in Series by the Portfolio Manager"* below.

Any payments to be made on the Notes depend on the value of the Charged Assets held by the Issuer, which is the value of the amounts received by the Issuer in respect of the Charged Assets. Should the Charged Assets decrease in value, Noteholders will incur a partial or total loss of their investment.

In certain circumstances, described in the Conditions of the Notes, the Notes will be redeemed early pursuant to a Mandatory Redemption Event, an Additional Mandatory Redemption Event or a redemption event pursuant to Condition 2(c)(A)(1) and Noteholders shall be entitled to receive only such amount as is available following the sale or redemption of the Charged Assets, or a proportion of such Charged Assets, as the case may be, subject to the provisions of the Notes described under "*Limited recourse*" above.

In general, redemption payments to be made on the Notes are calculated with reference to the value of the Charged Assets. However, if and to the extent that the amount payable by the Issuer in accordance with the Notes to the Noteholders is greater than the amount received by the Issuer in respect of the redemption of the Charged Assets, the Noteholder shall be entitled to receive only its *pro rata* share of such amount as is received by the Issuer under the Charged Assets after deduction of any applicable costs and expenses.

Change of law, tax and administrative practice

The structure of the transaction and, inter alia, the issue of the Notes are based on law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Fees

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, the amounts payable under the Notes are based on the performance of the Charged Assets after deduction of certain fees, which is further

described in Special Condition (XI) of the Notes. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes.

In connection with the offer and sale of the Notes, the Arranger or any of its associated companies may, directly or indirectly, pay fees in varying amounts to third parties or, as the case may be, receive fees (including but not limited to distribution fees and retrocessions) in varying amounts, including, from third parties (which may include any Transaction Participants as defined below). Each Noteholder acknowledges that the Arranger or any of its associated companies may retain all or part of such fees.

Foreign exchange risk

The Notes are denominated in USD. The Charged Assets may be denominated in U.S dollars, euro, or any other currencies. The Issuer will effect foreign exchange transactions to convert amounts received in respect of the Charged Assets into USD in order to meet its payment obligations under the Notes. In order to mitigate the foreign exchange risk the Portfolio Manager may on behalf of the Issuer enter into foreign exchange hedging transactions with such banks and other providers of treasury products ("**Derivatives Counterparties**") as may in the sole discretion of the Issuer or the Portfolio Manager be appropriate given the Charged Assets and the obligations of the Issuer under the Notes. Accordingly, the Issuer and the Noteholders may be exposed to credit risk of such Derivatives Counterparties providing foreign exchange hedging to the Issuer.

Optional Redemption by the Noteholder

Noteholders have no right to request the Issuer to redeem the Notes at any time prior to their Scheduled Maturity Date or, as applicable, Extended Maturity Date.

Optional Redemption by the Issuer

Investors in the Notes should be aware that the Issuer has the option to redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date, by giving not less than ten (10) Business Days' prior notice to the Noteholders, the Trustee and the Principal Paying Agent. Such notice may be revoked by the Issuer at any time prior to the Optional Redemption Date. The Optional Redemption Payment Date may be significantly later than the Optional Redemption Date. See "*Risk Factors – Payments*".

Optional Redemption by the Arranger

Investors in the Notes should further be aware that the Arranger has the option, without limitation, at any time to redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date. The Arranger would redeem Notes if it is the holder of such Notes, pursuant to the Conditions of the Notes. While the Arranger may actively become involved in the secondary market in the Notes (if any), such participation would be at the Arranger's sole discretion and the Arranger shall not have any obligation to make a secondary market. See "*Liquidity*" below.

Restrictions on Transfer

The Notes are subject to restrictions on transfer, as described in section "SUBSCRIPTION AND SALE" in the Programme Memorandum and "SELLING RESTRICTIONS" in this Series Memorandum. In particular, the Notes have not been registered under the Securities Act, under any U.S. state securities or "Blue Sky" laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Note may be sold, assigned, participated, pledged or transferred unless such sale, assignment, participation, pledge or

transfer (a) is exempt from the registration requirements of the Securities Act (for example, the exemption provided by Rule 144A under the Securities Act or the exemption provided by Regulation S under the Securities Act and applicable state securities laws) and (b) is in compliance with the transfer restrictions and certification requirements described in the section entitled "SUBSCRIPTION AND SALE" in the Programme Memorandum and "SELLING RESTRICTIONS" in this Series Memorandum.

Arranger default

The Notes will be redeemed if the Arranger is dissolved or becomes unable to perform its obligations in relation to the Notes unless a substitute arranger (the "**Substitute Arranger**") is appointed by the Issuer within 90 days of such event.

Payments

The ability of the Issuer to make payments to the Noteholders under the Notes depends entirely on payment of principal and payment of interest by the Borrower under the Secured Promissory Note. Investors in the Notes should have particular regard to the section entitled “Risk Factors” in the Class B Subscription Agreement. Payments under the Notes will only be made after receipt of the Realisable Value by the Issuer. The date of payment of the redemption amount under the Notes is therefore not fixed. Payment of redemption amounts under the Notes depends on the realisation of (including repayment of principal and interest in full by the Borrower under the Secured Promissory Note) or the liquidation of the Charged Assets. Payment of interest under the Notes depends on the payment of interest by the Borrower under the Secured Promissory Note. It may take a considerable period of time to redeem the Charged Assets, in particular in the case of an early redemption of Notes. Noteholders may only receive payment of the relevant redemption amount under the Notes significantly later than the specified redemption date of the Notes.

Liquidity

No secondary market for the Notes currently exists. Prospective purchasers of the Notes should therefore recognise that, they may not be able to liquidate their investment in the Notes or transfer the Notes for a substantial period of time, if at all. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted. Even if the Notes are listed, there is no assurance that a secondary trading market or liquidity will develop.

Notwithstanding the foregoing, the Arranger may provide a secondary market with a monthly dealing frequency and monthly purchases and sales by investors. The Arranger will not provide a secondary market in circumstances where the Calculation Agent is unable to calculate the Net Asset Value of the Portfolio for any reason, such as an event of default on the Charged Assets or due to the illiquidity or suspension of trading of any of the Series Assets comprising the Portfolio. The Arranger does not have and will not assume any liability, whether legal or otherwise, *vis-à-vis* the Noteholders to provide a market for the Notes or with regard to the level of the applicable prices nor how they are determined. To the extent that the Arranger purchases Notes in a secondary market provided by the Arranger, the Arranger will impose a EUR 500 fee in respect of its administration expenses.

Extended Maturity Date

The term of the Notes may be extended for further periods of up to ten years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders three (3) calendar months prior to the Scheduled Maturity Date or the anniversary thereof in each subsequent year, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Scheduled Maturity Date or the anniversary thereof in accordance with the final Extension Notice (such date being the "**Extended Maturity Date**") or on the Final Maturity Payment Date if later.

Market and Legal Risk

The Notes will constitute secured, limited recourse obligations of the Issuer, recourse in respect of which will, in effect, be limited to the proceeds of the Mortgaged Property (which principally comprises the Charged Assets) relating to the Notes and no other assets of the Issuer will be available to satisfy claims of Noteholders. The Issuer's obligations to the Noteholders are solely funded by, and primarily secured on, the Charged Assets. Therefore, to the extent that the value of the Charged Assets falls, payment under the Charged Assets is not made, the Charged Assets cannot be sold or if the relevant security arrangements would not be enforceable, a loss of principal under the Notes will result. Noteholders therefore assume the market and legal risk of the Charged Assets.

None of the Transaction Participants (as defined below except excluding the Portfolio Manager) nor any affiliate of any of them or other person on their behalf has made any investigation of, or makes any representation or warranty, express or implied, as to the standing or suitability of the Portfolio Manager or the financial or other condition of the Charged Assets.

None of the Issuer, the Arranger, the Trustee, the Principal Paying Agent, the Calculation Agent, the Sale Agent, the Portfolio Manager or any other Agent (together, the "**Transaction Participants**") nor any affiliate of any of them (or any person on their behalf) assume any responsibility *vis-à-vis* the Noteholders for the economic success or lack of success of an investment in the Notes, or the performance, the value or terms of the Charged Assets. No Transaction Participant will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholders, or prospective purchasers of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

Independent review and advice

Each prospective purchaser of Notes must determine, based on its own independent review and such legal, financial and tax advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines, authorisations and restrictions (including as to its capacity) applicable to it, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for it, undertaken for a proper purpose.

Legality of purchase

None of the Transaction Participants or any affiliate of any of them or other person on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

No reliance

The Transaction Participants and all affiliates of any of them disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter.

No restrictions on activities

Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may have existing or future business relationships (including depository, lending, advisory or any other kind of commercial or investment banking activities or other business) with any of the other Transaction Participants and any affiliate of any of them or other person on their behalf and may purchase, sell or otherwise deal in any assets or obligations of, or relating to, any such party. Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may act with respect to any such business, assets or obligations without regard to any possible consequences for the Issuer, the Notes or any Noteholder (or the impact of any such dealing on the interests of any Noteholder) or otherwise.

No Operating History by the Borrower

The Borrower has limited performance history. Noteholders may not have sufficient historical information to serve as a basis for making a more informed investment decision.

Provision of information

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may at the date hereof or at any time hereafter be in possession of information in relation to the other Transaction Participants or any affiliate of any of them or any other person acting on their behalf or on behalf of the Charged Assets (which may or may not be publicly available or confidential). None of such persons shall be under any obligation to make any such information available to Noteholders or any other party other than as provided in the Conditions of the Notes.

Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Principal Paying Agent (or any other Paying Agent), although such requirement will give rise to an obligation to redeem the Notes early in the circumstances described in Condition 2 as amended by Special Condition IV of the Conditions of the Notes set out below.

Legal opinions

No legal opinions will be obtained with respect to any applicable laws, including the laws governing the Charged Assets or as to the validity, enforceability or binding nature of the Charged Assets.

Conflict of interests

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may from time to time, as principal or agent, have positions in, or may buy or sell, or make a

market in any securities (including shares in a Transaction Participant), currencies, financial instruments or other assets owned by a Transaction Participant. Any trading and/or hedging activities of Transaction Participants or any affiliate of any of them or any other person acting on their behalf related to this transaction may have an impact on the price of the underlying assets. It should also be noted that FlexFunds Ltd. acts as both the Arranger of the issue of the Notes and as Calculation Agent in respect of the Charged Assets.

Clearing systems

The Notes will be represented by one or more Temporary Global Notes and Permanent Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Limitations of the ability to grant security over Notes while in global form

Because transactions in the Notes will be effected only through Euroclear or Clearstream, Luxembourg, direct or indirect participants in their respective book-entry-systems and certain banks, the ability of a Noteholder to pledge such interests to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise to take actions in respect of such interests, may be limited due to the lack of physical security representing such interest.

Risks relating to the Charged Assets

Investment in Series Assets

The Issuer intends to use the proceeds of the issuance of the Notes to (i) invest, on or as soon as practicable after the Issue Date in, Class B non-voting common stock (the "**Common Stock**") of Donec Real Estate 1, Inc. (the "**Borrower**") a Delaware corporation formed under the laws of the State of Delaware on 23 August 2016, with registered office at 2711 Centerville Road, Suite 400, County of New Castle, Wilmington, Delaware 19808 and (ii) make a secured loan to the Borrower pursuant to the Loan Transaction Documents (as defined below) between the Issuer and Borrower.

The ability of the Borrower to make payments to the Issuer is dependent on it having sufficient net assets after liquidation of its assets and the payment of its then current obligations. If the net assets of the Borrower are not sufficient to make distributions sufficient to repay the principal and all interest due under the Loan Transaction Documents, the Note Holders may not recover all amounts due under the Note. See “Nature of the investment” below.

Prospective purchasers of the Notes should conduct their own independent investigation and analysis regarding the Issuer, the Common Stock, the Loan Transaction Documents, the Borrower and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes.

It is important to note that, while it is the Issuer's intent, there is no certainty as at the Issue Date that the Issuer will enter into the Loan Transaction Documents or the Class B Subscription Agreement, or what the timing of entry into of the Loan Transaction Documents or the Class B Subscription Agreement will be. Therefore, neither the Issuer, the Arranger, the Trustee nor any other party makes any representation regarding the possibility or timing of entry into the Loan Transaction Documents or the Class B Subscription Agreement.

The Notes will be redeemed early in full upon the termination or liquidation of the Loan Transaction Documents for any reason, including but not limited to, the completion of the Loan term, early prepayment of the Loan in full, if the Loan is not made at all, as per the above, following any event of default by the Borrower, or as agreed from time to time by the Issuer and Borrower and notified to the Calculation Agent and the Sale Agent.

HUS Partners LLC is a real estate sponsor based in Atlanta, GA that specializes in the multifamily apartment market in the Southeastern United States. Their investment strategy focuses on the B- to A Sector of the multifamily market, with special emphasis in value add properties requiring asset rehabilitation and repositioning in order to generate improvements to net operating income, which in turn increases the value of the asset, generating improved investors returns.

Investment in Series Assets by the Portfolio Manager

The Portfolio Manager may invest in Series Assets that meet the Management Criteria. The Management Criteria are very wide and allow the Portfolio Manager a wide discretion in selecting the Series Assets that it wishes to invest in.

Potential investors should be aware that an investment in Series Assets involves a high degree of risk. Typically, the success of any investment in Series Assets depends on the ability of the Portfolio Manager to choose, develop and realise appropriate investments, and there will be no guarantee that the Portfolio Manager will be able to choose, make and realise investments in any particular company or portfolio of companies.

An investor in the Notes should ensure that they have considered the operational history of the Portfolio Manager and whether the Portfolio Manager has a proven track record, to the satisfaction of the investor in the Notes. Subject to the Management Criteria, the Portfolio Manager may invest in less established companies with lower capitalisations, fewer resources and little or no performance record. As the investments in Series Assets may be minority interests, it cannot be certain that investors' interests will be effectively protected. There can be no assurance that the investments in the Series Assets will produce gains. Some or all of the investment in the Series Assets may be lost which could have a negative impact on the value of the Notes.

The Portfolio Manager's investments may be exposed, directly or indirectly, to the performance of companies which may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. Such companies may face intense competition, changing business or economic conditions or other developments that may adversely affect their performance.

The activity of identifying, completing and realising attractive investments is highly competitive, and involves a significant degree of uncertainty. Other investors such as funds and vehicles with similar investment objectives to the Issuer may be formed in the future by other unrelated parties and further consolidation may occur. There is no assurance that the Portfolio Manager will be able to locate, complete and exit investments that satisfy the Investment Objectives, or realise the value of such investments, or that it will be able to invest fully the amount committed.

Investments may not be liquidated for a number of years after the initial investment and may require a substantial length of time to liquidate. As a result, there is a risk that the Portfolio Manager may be unable to realise the Investment Objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy.

Emerging Markets

Investing in emerging market assets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on the Issuer's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions in emerging markets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (xiv) certain considerations regarding the maintenance of portfolio securities and cash with non-U.S. subcustodians and securities depositories; and (xv) overall greater volatility.

'Covenant-lite' Loan Transaction Documents

The Loan Transaction Documents do not contain financial covenants which the Borrower is required to maintain. The Loan Transaction Documents do not have "maintenance tests" which are reviewed periodically in order to determine whether the Borrower's operating performance is satisfactory and which provide lenders with greater control over the quality of their investment by requiring the borrower to more strictly preserve its credit quality. The lack of maintenance tests may result in a higher risk of loss and may hinder the Issuer's ability to restructure the Loan in order to mitigate the Issuer's exposure to loss.

Insolvency of the Borrower could reduce or eliminate the return to the Issuer on the Loan Transaction Documents and so may impair payments on the Notes

There is a significant risk that the Borrower may enter bankruptcy proceedings. Such proceedings may result in, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of the Loan Transaction Documents. Various laws enacted in the Borrower's home jurisdiction for the protection of debtors or creditors could adversely affect the Issuer’s ability to recover amounts owed.

Lack of diversification

To the extent that all of the proceeds arising from the issue of the Notes are invested in the Common Stock and the Loan, such assets may be more susceptible to a single adverse economic or regulatory occurrence, and lead to greater fluctuations in the value of Notes than may have been the case when investing in a diversified pool of assets.

Redemption and transfer of the Charged Assets

Realisation of the Charged Assets may in certain circumstances be deferred in accordance with their relevant terms. The period of deferral may be significant. Therefore in certain circumstances, including where the Security for the Notes (and any Further Notes) becomes enforceable, there may be a significant delay in payments under the Notes and/or it may be impossible to transfer the Charged Assets as a means of realising their value.

Security may be declared invalid

The Issuer will grant security interests in favour of the Trustee for itself and for the benefit of the Noteholders in the Mortgaged Property pursuant to the Trust Deed and the Charging Instrument (as defined below). However, if the security interest of the Trustee in the Mortgaged Property was determined to be invalid or unperfected, Noteholders would be unsecured creditors and would rank on a *pari passu* basis with other unsecured creditors (if any) of the Issuer. Each of the foregoing factors may delay or reduce investors' return on their Notes and investors may suffer a loss (including a total loss) on their investment.

Not a bank deposit

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes.

Risks Related to the Borrower and its operations

The performance and realisation of the Series Assets, and thereby, of the Notes, is dependent on the overall performance, operations and financial condition of the Borrower

NEITHER THE ISSUER, THE TRUSTEE NOR ANY OF THE AGENTS HAVE REVIEWED THE OVERALL PERFORMANCE, OPERATIONS AND FINANCIAL CONDITION OF THE BORROWER OR ANY OTHER CONDITIONS OF THE BORROWER AT THE TIME OF THE ISSUE DATE AND DO NOT GUARANTEE OR MAKE ANY RECOMMENDATIONS OR WARRANTIES, IN ANY FORM, AS TO THE SUITABILITY OF ANY INVESTMENT, INCLUDING THROUGH PURCHASE OF THE NOTES, THE PERFORMANCE OF WHICH IS DEPENDENT ON THE BORROWER OR ANY OF ITS OPERATIONS.

During the term of the Notes the Borrower's operating results may fluctuate.

The Borrower's operating results may fluctuate due to a number of factors, including the risks described in this Series Memorandum.

Any adverse effect on the Borrower may, through the performance of the Loan Transaction Documents, affect the performance of the Notes and the Issuer's ability to meet its obligations in respect of the Notes.

The performance of the Notes is tightly linked to the ability of the Borrower to meet its obligations under the Series Assets. Therefore, any adverse effect on the Borrower's financial results,

performance, and / or growth prospects may subsequently, through the Series Assets, adversely affect the performance of the Notes and the ability by the Issuer to meet its obligations in respect of the Notes, which will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (Including the Series Assets).

Summary of Principal Underlying Investment Risks

As with any investment, you could lose all or part of your investment in the Notes, and the Notes' performance could trail that of other investments. The Notes are subject to the principal risks noted below (either directly or through its investments in the Series Assets), any of which may adversely affect the Net Asset Value of the Portfolio held in respect of the Notes and the Notes' trading price, yield, total return and ability to meet its investment objective.

Asset Class Risk: Securities in an underlying portfolio may underperform in comparison to the general securities markets or other asset classes.

Concentration Risk: To the extent that the Notes' underlying investments are concentrated in a particular issuer, region, country, market, industry or asset class, the Notes may be susceptible to loss due to adverse occurrences affecting that issuer, region, country, market, industry or asset class.

Counterparty Risk: The Issuer bears the risk that the counterparty to a derivative or other contract with a third party may default on its obligations or otherwise fail to honor its obligations. If a counterparty defaults on its payment obligations the Issuer will lose money and the value of an investment in the Notes may decrease. In addition, the Issuer may engage in such investment transactions with a limited number of counterparties.

Currency Exchange Rate Risk: Changes in currency exchange rates and the relative value of non-U.S. currencies may affect the value of the Issuer's investment and the value of the Notes. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Notes may change quickly and without warning and you may lose money.

Credit Risk: The financial condition of an issuer of securities may cause it to default or become unable to pay interest or principal due or otherwise fail to perform. The Issuer cannot collect interest and principal payments on securities if the issuer defaults. While the Issuer attempts to limit credit exposure in a manner consistent with its investment objective, the value of an investment in the Notes may change quickly and without warning in response to issuer defaults and changes in the credit ratings of the Issuer's portfolio investments.

Interest Rate Risk: Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates and other factors, such as perception of an issuer's creditworthiness.

Issuer-Specific Risk: Issuer-specific events relating to the underlying issuer of securities, including changes in the financial condition of any such issuer, can have a negative impact on the value of the Notes.

Investment Risk: As with all investments, an investment in the Notes is subject to investment risk. Noteholders could lose money, including the possible loss of the entire principal amount of an investment, over short or long periods of time.

Liquidity Risk: The Issuer may invest in the Series Assets which may be less liquid than other types of investments. The derivatives in which the Issuer invests may not always be liquid. This could have a negative effect on the Issuer's ability to achieve its investment objective and may result in losses to holders of the Notes.

Non-Diversification Risk: The Portfolio is considered to be non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified Portfolio. To the extent the Issuer invests a significant percentage of its assets in a limited number of issuers, the Issuer is subject to the risks of investing in those few issuers, and may be more susceptible to a single adverse economic or regulatory occurrence. As a result, changes in

the market value of a single security could cause greater fluctuations in the value of the Notes than would occur in a diversified note.

Security for the Notes

As the Series Assets held in respect of the Notes are held in, and governed by Delaware law, the Issuer will grant security interests over the Series Assets pursuant to a Delaware law governed Supplemental Security Agreement entered into between the Issuer and the Trustee dated on or about the Issue Date. See "*Description in relation to the Security Arrangements in respect of the Notes*" below.

AS WITH ANY INVESTMENT YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT IN THE NOTES AND THE NOTES' PERFORMANCE COULD TRAIL THAT OF OTHER INVESTMENTS. YOUR ATTENTION IS DRAWN TO THE CLASS B SUBSCRIPTION AGREEMENT AS DEFINED BELOW AND ATTACHED AS APPENDIX OR APPENDIXES TO THIS SERIES MEMORANDUM. IN PARTICULAR PROSPECTIVE INVESTORS SHOULD NOTE THE SECTION OF THE CLASS B SUBSCRIPTION AGREEMENT ENTITLED "RISK FACTORS". PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE NOTES WITHOUT TAKING INDEPENDENT ADVICE ON THE RISKS SET OUT THEREIN.

THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES. THE ATTENTION OF INVESTORS IS ALSO DRAWN TO THE SECTIONS HEADED "RISK FACTORS" IN THE PROGRAMME MEMORANDUM.

Summary of the Transaction

The following summary of the transaction does not purport to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Series Memorandum including, without limitation, the Conditions of the Notes. Words and expressions used but not expressly defined in this summary of the transaction shall have the meanings given to them in the Conditions.

Issuer:	IA Capital Structures (Ireland) plc, a special purpose company incorporated for the sole purpose of carrying out the activities described in the Programme Memorandum. See "*Information relating to the Issuer*" below.
Programme:	The Notes are issued pursuant to the Issuer's €5,000,000,000 Secured Note Programme.
Arranger:	FlexFunds Ltd.
Calculation Agent:	FlexFunds Ltd.
Placing Agent:	Both GWM Group, Inc. and GWM LTD.
Sale Agent:	Both GWM Group, Inc. and GWM LTD.
Issue Agent:	Citibank N.A., London Branch.
Principal Paying Agent:	Citibank N.A., London Branch.
Trustee:	Sanne Fiduciary Services Limited.
Principal Amount:	USD 3,600,000 (subject to the provisions of Further Notes and Redemptions below).
Currency:	USD.
Authorised Denomination:	USD 1,000
Issue Price:	100% of the Authorised Denomination.
Interest:	Interest is determined based on the total return of the Portfolio, such that an amount in respect of Interest shall be payable in respect of each Note on the Interest Payment Date equal to the greater of: (a) Distribution Net Proceeds; and (b) Zero.
Interest Payment Date:	Any Business Day determined by the Calculation Agent or the Issuer which falls within fifteen (15) Business Days of the Issuer receiving an interest payment, distribution or similar payment in respect of the Series Assets.

Issue Date:	28 October 2016.
Portfolio Manager	HUS Partners LLC, the Portfolio Manager is appointed by the Issuer pursuant to the Portfolio Management Agreement. The role of the Portfolio Manager is to actively manage the Portfolio by investing in Series Assets pursuant to the Portfolio Management Agreement.
Charged Assets:	The Series Assets and the Related Rights. See "*Information relating to the Charged Assets*" below.
Series Assets:	The Loan Transaction Documents (including the Loan thereunder), the Common Stock, any loan agreement any loan agreement and/or promissory note entered into between the Issuer and Borrower from time to time and any and all investments, agreements, contracts, shareholder and/or partnership interests acquired by the Issuer in relation to the Notes and any and all related investments (including any investment company securities and securities accounts), monies, credit balances, assets or related contracts and deposit accounts, trading positions or beneficial interests in any assets, to the extent any of the foregoing is: (i) held, carried and / or maintained by the Issuer and / or any of the Agents, in relation to the Notes, (ii) established, agreed or obtained by the Issuer in relation to the Notes, or (iii) established, agreed, obtained by or in possession or control of the Portfolio Manager in relation to the Notes, pursuant to the Portfolio Management Agreement, for any purpose, including for safekeeping.
Fees:	The amounts payable under the Notes are based on the performance of the Charged Assets after deduction of fees due to the Arranger and the Portfolio Manager, save to the extent that such fees are paid separately (See Special Condition (XI). Such fees are in addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes as determined by the Calculation Agent. All fees are payable prior to any amounts being payable in respect of the Notes to any Noteholders. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes, save to the extent that such fees are paid separately (See Special Condition (XI).
Scheduled Maturity Date:	27 October 2021
Reports:	The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock

Exchange

See Special Condition V below.

Redemption Amount: Unless previously redeemed the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD (the "**Redemption Amount**") equal to the Net Proceeds.

See "*Limited recourse*" below.

The Final Maturity Payment Date may be significantly later than the Maturity Date. See "*Risk Factors – Payments*" above.

Optional Redemption by the Noteholder: Noteholders have no right to request the Issuer to redeem the Notes at any time prior to their Scheduled Maturity Date or, as applicable, the Extended Maturity Date. See "*Risk Factors – Payments*" above.

Optional Redemption by the Issuer or Arranger: The Issuer may, on giving not less than ten (10) Business Days' prior notice to Noteholders, redeem any amount of the Notes by a payment to the holders of the Notes that are so redeemed on the Optional Redemption Payment Date of an amount equal to the Early Redemption Amount.

The Arranger may at any time instruct the Issuer to redeem any amount of the Notes by a payment to the holders of the Notes that are so redeemed on the Optional Redemption Payment Date of an amount equal to the Early Redemption Amount.

Early Redemption:

(a) If the Notes become due and repayable in accordance with Condition 2(b)(1), the Notes will be redeemed by a payment in respect of each Note on the Early Redemption Payment Date of an amount in USD equal to the Net Proceeds of the Charged Assets.

(b) If the Notes become due and repayable in accordance with Condition 2(b)(2), 2(b)(3), 2(b)(4) or Condition 2(c) (as the case may be), the Notes will be redeemed at the applicable Early Redemption Amount by a payment in respect of each Note on the Early Redemption Payment Date of an amount in USD equal to the Early Redemption Amount.

Early Redemption Amount: Subject to the provisions of Special Condition (IV) below, the Early Redemption Amount shall be determined as an amount equal to the Redemption Amount as if the Early Redemption Date was the Final Maturity Payment Date.

Net Proceeds: An amount determined by the Calculation Agent being the *pro rata* share of the Realisable Value in respect of one Note; *less* the *pro rata* share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; *less* the *pro rata* share in respect of one Note of any fees, costs or expenses

owing to the Trustee and the Agents in connection with the Notes; and *less* the *pro rata* share in respect of one Note any fees or amounts payable to the Arranger, the Portfolio Manager and the Issuer pursuant to the Conditions of the Notes (save to the extent that any such fees have been paid separately by the Borrower or an agent of the Borrower as further detailed in Special Condition XI below), less the *pro rata* share in respect of one Note of USD 1,000 per annum to be retained by the Issuer.

Realisable Value: An amount determined by the Calculation Agent being: (a) the proceeds of sale or other means of realisation of the Charged Assets (including for the avoidance of doubt any repayments or prepayments of principal under the Secured Promissory Note) or any proportion thereof as determined by the Calculation Agent; *less* (b) any costs, expenses, taxes and duties incurred in connection with the disposal, liquidation, realisation or transfer of the Charged Assets by the Sale Agent or any Agent of the Issuer.

Payment: Payments in respect of redemption of the Notes will be made on the Final Maturity Payment Date, the Optional Redemption Payment Date or the Early Redemption Payment Date, as the case may be, in accordance with the Conditions.

Distribution Proceeds: An amount determined by the Calculation Agent being: (a) the proceeds of a dividend, interest payment or other distribution in respect of the Charged Assets; less (b) any costs, expenses, taxes and duties incurred in connection with the receipt of such dividend, interest payment or other revenue.

Distribution Net Proceeds: An amount determined by the Calculation Agent being the *pro rata* share of the Distribution Proceeds of the Charged Assets in respect of one Note; less the *pro rata* share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the *pro rata* share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes; and less the *pro rata* share in respect of one Note of any fees payable to the Arranger pursuant to the Conditions of the Notes.

Limited recourse: Amounts due under the Notes will be payable only to the extent that funds are available from the Mortgaged Property and the proceeds thereof. If the Mortgaged Property is insufficient to pay any amounts due in respect of the Notes, the Issuer will have no other assets available to meet such insufficiency. In the event that Charged Assets are sold or realised or the Security is enforced and after payment of all other claims with a senior priority in the relevant order of priority the remaining proceeds of such sale, realisation or enforcement are insufficient to pay in full all amounts whatsoever due in respect of the Notes, then the Noteholders' claims against the Issuer in respect of the Notes shall be limited to their respective shares of such remaining proceeds and, after payment to each

Noteholder of its respective share of such remaining proceeds, the obligations of the Issuer to such Noteholder shall cease to be due and shall be extinguished.

Security: The Security for the Notes will be constituted by the Constituting Instrument, a Trust Deed entered into by the execution of a Constituting Instrument dated the Issue Date between the Issuer and the Trustee, amongst others (the "**Trust Deed**") and the Charging Instrument as described in the Conditions of the Notes. See "*Description of the Security Arrangements in respect of the Notes*" below.

Priority on Enforcement of Security: On enforcement of Security in respect of the Notes the Trustee will apply the enforcement proceeds in the following order of priority:

1. payment of the fees, costs, charges, expenses (including legal fees), liabilities, indemnity payments and all other amounts payable to the Trustee or incurred by the Trustee or by any receiver, custodian or other person appointed by it in connection with the performance of its duties and obligations;

2. *pro rata* and *pari passu* according to the respective amounts thereof payment of the fees, costs, charges, expenses (including legal fees), liabilities, indemnity payments and all other amounts payable to the respective Agents in connection with the performance of their respective duties and obligations;

3. payment of any unpaid taxes or other governmental duties or charges owing by the Issuer;

4. in meeting the claims of the Portfolio Manager under the Portfolio Management Agreement;

5. in meeting the amounts due to Noteholders *pari passu* and rateably; and

6. in payment of the balance (if any) to the Issuer.

Events of Default: The Security in respect of the Notes will become enforceable in the circumstances described in Condition 4 relating to Events of Default. The Events of Default include, without limitation, unremedied defaults by the Issuer relating to the payment of amounts due on the Notes and the insolvency of the Issuer. Upon the occurrence of an Event of Default the Trustee may at its discretion (or, in certain cases, shall) deliver a notice to the Issuer and others declaring the Notes to be immediately due and payable and the amount payable in respect of each Note is set out in Condition 2(e)(2). See also Conditions 4 and 5.

Form: The Notes will initially each be represented by beneficial interests in a temporary global note (the "**Temporary Global Note**") in bearer form. Pursuant to the Conditions of the Notes, each Temporary Global Note may be exchanged for a permanent global note in

	bearer form (the "**Permanent Global Note**"). Except in limited circumstances, bearer definitive Notes will not be issued in exchange for beneficial interests in the Permanent Global Notes.
Status:	The Notes are limited recourse obligations of the Issuer secured in the manner described herein.
Use of Proceeds:	The entire net proceeds from the issue of Notes will be used by the Issuer to purchase the Charged Assets as advised by the Portfolio Manager and subject to the terms of the Class B Subscription Agreement.
Further Notes:	Further Notes may be issued which will be consolidated and form a single series with the Notes.
Listing:	Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted.
Rating:	The Notes will not be rated.
Business Days:	New York, Dublin and London
Governing Law:	The Notes and all non-contractual obligations and any other matters arising from them will be governed by, and construed in accordance with, the laws of Ireland. The courts of Ireland shall have non-exclusive jurisdiction in respect of any dispute. The Supplemental Delaware Security is governed by Delaware law and the Delaware State and / or Federal Courts may have jurisdiction over any dispute or enforcement proceedings relating thereto. To the extent that any of the Series Assets acquired by the Issuer by request of the Portfolio Manager may require the establishment of further Security governed by other jurisdictions, the Issuer shall ensure the constitution of the required security interest prior to the acquisition of such assets and will notify the Trustee in advance of such acquisitions. The Trustee will enter into such Security at its discretion and subject to being indemnified, secured and/or prefunded to its satisfaction. Such Security shall be governed by the Law of the applicable jurisdiction.
Placing Agreement:	The Issuer has entered into the Placing Agreement with the Placing Agent, whereby the Placing Agent agreed to place the Notes with investors, subject to the selling restrictions. The Issuer, after prior consultation with the Arranger, reserves the right to modify the total nominal amount of the Notes to which investors can subscribe.
Risk Factors:	The Notes are not principal protected and involve significant risks. The attention of prospective Noteholders is drawn to the section

"*Risk Factors*" in the Programme Memorandum and in this Series Memorandum, the section "*Information on the Portfolio Manager*" and, in respect of the Charged Assets, to the section "*Information Relating to the Charged Assets*" of this Series Memorandum.

Conditions of the Notes

Donec Real Estate Equity (Series 90) Notes due 2021

The Noteholders should note that words and expressions not otherwise defined below shall have the meanings respectively ascribed to them by Special Condition (I) below.

The Notes designated as above (the "**Notes**") shall have the following terms and conditions which shall complete, modify and amend the Master Conditions (March 2014 Edition), which shall apply to the Notes as so completed, modified and amended. References to "**Conditions**" or "**Condition**" shall mean references to the Conditions of the Notes as modified herein.

The Issuer intends that any Further Notes which are issued pursuant to Condition 16 as amended by Special Condition (VI) (as defined herein) shall (save in respect of the relevant issue date) have the same Conditions as, and form a single Series with, the Notes of this Series.

1.	(i)	Issuer:	IA Capital Structures (Ireland) plc.
	(ii)	Arranger:	FlexFunds Ltd.
2.	(i)	Series Number:	90.
	(ii)	Tranche Number:	1.
3.	Principal Amount:		USD 3,600,000. The Principal Amount of the Notes may be increased, at the discretion of the Issuer, by the issue of Further Notes from time to time (without requiring the consent of Noteholders) which shall be consolidated and form a single Series with the Notes of this Series, subject as provided in Special Condition (VI).
4.	Issue Price:		100% of the Authorised Denomination.
5.	Authorised Denomination:		USD 1,000
6.	(i)	Issue Date:	28 October 2016
	(ii)	Interest Commencement Date:	The date on which the Issuer makes the Loan pursuant to the Secured Promissory Note.
7.	Maturity Date:		The later of (i) 27 October 2021 (the "**Scheduled Maturity Date**"); (ii) the Extended Maturity Date; and (iii) the Final Maturity Payment Date.
8.	Extended Maturity Date		The date to which the term of the Notes may be extended under Special Condition (XIII)
9.	Interest Basis:		Variable Coupon Amount.

10.	Status of the Notes:		
	(i)	Status of the Notes:	Secured and limited recourse obligations of the Issuer ranking *pari passu* without any preferences amongst themselves secured as set out under Security below and subject to the priority set out under Priority below.
	(ii)	Priority:	Counterparty Priority applies.
11.	Listing:		An application has been made for admission of the Notes to the official list of the Third Market of the Vienna Stock Exchange. Such listing is expected to take place on or about the Issue Date. However, no assurance is given that approval of such application will be granted.
12.	Fixed Rate Note Provisions:		Not applicable.
13.	Floating Rate Note Provisions:		Not applicable.
14.	Zero Coupon Note provisions:		Not applicable.
15.	Dual Currency Note Provisions:		Not applicable.
16.	Variable Coupon Amount Note Provisions:		Applicable.
	(i)	Interest Period:	As regards the first interest period, the period from and including the Issue Date to and excluding the first Interest Determination Date and as regards all subsequent interest periods the period from and including an Interest Determination Date to and excluding the next Interest Determination Date or to and including the Scheduled Maturity Date or an Extended Maturity Date as applicable.
	(ii)	Interest Determination Date:	Any Business Day at the discretion of the Arranger, or the Issuer following receipt of an interest payment, dividend, distribution or similar payment in respect of the Series Assets.
	(iii)	Interest Rate:	The Notes shall receive a total return based on the performance of the Portfolio during the Interest Period.
	(iv)	Interest Amounts:	The greater of: (a) Distribution Net Proceeds; and (b) Zero.

	(v)	Interest Payment Date:	Any Business Day determined by the Calculation Agent or the Issuer which falls within fifteen (15) Business Days of the Issuer receiving an interest payment, dividend, distribution or similar payment in respect of the Series Assets.
	(vi)	Business Day Convention:	Following Business Day Convention in Dublin, London, and New York.
17.	Optional Redemption:		Condition 2(f)(2) applies as amended by Special Condition (III).
18.	Redemption Amount:		Special Condition (II) applies.
19.	Early Redemption Amount:		Special Condition (IV) applies.
20.	Redemption Amount on redemption for taxation:		Condition 2(c)(A)(1) shall apply as amended by Special Condition (IV).
21.	Form of Notes:		Bearer Notes:
	(i)	The Notes will initially be represented by:	Temporary Global Note.
	(ii)	Applicable TEFRA exemption:	D Rules
	(iii)	Temporary Global Note exchangeable for Permanent Global/Definitive Bearer/Registered Notes:	Condition 10(a) applies.
	(iv)	Permanent Global Note exchangeable for Definitive Bearer/ Registered Notes:	Permanent Global Note is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.
	(v)	Registered Notes:	Not applicable.
22.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:		Not applicable.
23.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):		No.
24.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:		Not applicable.
25.	Redenomination applicable:		Not applicable.

26. Portfolio Management:

(i)	Portfolio Manager:	HUS Partners LLC.
(ii)	Portfolio Management Agreement:	The terms and conditions of the appointment of the Portfolio Manager are set out in the Portfolio Management Agreement. See "Information relating to the Portfolio Management Agreement" below.
(iii)	Investment Objective:	The Portfolio Manager, in accordance with the terms of the Portfolio Management Agreement, shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to pursue any investment strategy that it deems fit to maximise the total returns achieved by the Portfolio by requesting the Issuer to invest in the Common Stock and the Loan Transaction Documents and to enter into certain secured loan agreements and/or secured promissory notes, at the discretion of the Portfolio Manager and pursuant to the Portfolio Management Agreement.
(iv)	Management Criteria:	The Portfolio Manager will seek to achieve the Investment Objective through the Investment Strategy and Management Criteria as more particularly set out in the Portfolio Management Agreement.
(v)	Portfolio:	The portfolio of Series Assets held by the Issuer.
(vi)	Series Assets:	The Loan Transaction Documents (including the Loan thereunder), the Common Stock, the Class B Subscription Agreement, any loan agreement any loan agreement and/or promissory note entered into between the Issuer and Borrower from time to time and any and all investments, agreements, contracts, shareholder and/or partnership interests acquired by the Issuer in relation to the Notes and any and all related investments (including any investment company securities and securities accounts), monies, credit balances, assets or related contracts and deposit accounts, trading positions or beneficial interests in any assets, to the extent any of the foregoing is: (i) held, carried and / or maintained by the Issuer and / or any of the Agents, in relation to the Notes,

(ii) established, agreed or obtained by the Issuer in relation to the Notes, or

(iii) established, agreed, obtained by or in possession or control of the Portfolio Manager in relation to the Notes, pursuant to the Portfolio Management Agreement, for any purpose, including for safekeeping.

27. Security:

(i) Charged Assets: The Charged Assets shall be the Series Assets and the Related Rights.

On the Issue Date, or as soon as practicable thereafter, the Issuer shall invest in the Series Assets (by request of the Portfolio Manager), set out in the section "*Information relating to Charged Assets*" below, (such Series Assets, together with the Related Rights applicable thereto, the "**Original Charged Assets**").

If the Issuer issues Further Notes pursuant to Condition 16 as amended by Special Condition (VI) with the intention that such Further Notes be consolidated and form a single Series with the Notes issued on the Issue Date (and all other Further Notes issued from time to time) the Issuer shall, in connection with each such issue of Further Notes, invest in further assets which shall be combined with the Series Assets (such further assets, together with the Related Rights applicable thereto, referred to as the "**Further Charged Assets**") with the issue proceeds of the relevant Further Notes such that the Notes and the Further Notes from time to time so issued shall be secured collectively on the Original Charged Assets and all of the Further Charged Assets. All references to "*Charged Assets*" shall be to the Original Charged Assets and the Further Charged Assets from time to time so purchased by the Issuer.

The assets comprising the Portfolio will be registered in the name of the Issuer and certificates in respect of the Charged Assets will be held by the Issuer subject to the security constituted by the Constituting Instrument and the Charging Instrument.

	(ii) Charging Instrument	Pursuant to a supplemental security agreement in respect of the Series Assets entered into between the Issuer and the Trustee dated on the date of the purchase of the relevant Charged Assets (the "**Charging Instrument**") the Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties, a security interest governed under the law of Delaware over the Issuer's interest in the Charged Assets from time to time (such security the "**Supplemental Delaware Security**"). Furthermore, the Issuer will grant, in favour of the Trustee, as security for itself, and the Secured Parties, a security interest over the Issuer's interest in any Series Assets acquired by the Issuer, from time to time.
	(iii) Depository Account	Not applicable.
	(iv) Charged Agreement:	Not applicable.
	(v) Swap Counterparty:	Not applicable.
28.	Securities Lending Agreement:	Not applicable.
29.	Portfolio Administrator:	Not applicable.
30.	Fees:	Special Condition (XI) applies.
31.	Additional selling restrictions	As set out in "*Selling Restrictions*" below.
32.	ISIN Code:	XS1508505689
33.	Common Code:	150850568
34.	Alternative Clearing System:	Not applicable.
35.	Delivery:	Free of payment.
36.	Principal Paying Agent:	Citibank N.A., London Branch.
37.	Custody:	
	(i) Custodian:	Not applicable.
	(ii) Custody Agreement:	Not applicable.
	(iii) Sub-Custody:	Not applicable.

38.	Calculation Agent:	FlexFunds Ltd. The Calculation Agent shall provide the NAV Report to the Arranger on each NAV Report Date. The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange. All determinations made by the Calculation Agent hereunder shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive. Whenever a Calculation Agent is required to act or to exercise judgment in any way, it will do so in good faith and in a commercially reasonable manner. Furthermore, each party agrees that the Calculation Agent is not acting as a fiduciary for or as an advisor to such party in respect of its duties as Calculation Agent in connection with any determinations hereunder.
39.	Exchange of Permanent Global Note:	The Permanent Global Note will be exchangeable, in whole but not in part, for a definitive Bearer Note if: (i) Euroclear or Clearstream, Luxembourg or any other clearing system in which the Permanent Global Note is for the time being deposited is closed for business for a period of 14 days (other than by reason of holidays statutory or otherwise) or announces an intention to permanently cease business or to cease to make its book-entry system available for settlement of beneficial interests in such Permanent Global Note or does in fact do either of such things and no alternative clearing system, satisfactory to the Trustee and the Principal Paying Agent is available, or (ii) the Notes become due and payable in accordance with Condition 4 and payment is not made on due presentation of the Permanent Global Note for payment.
40.	Governing law:	The Notes and all non-contractual obligations and any other matters arising from it will be governed by and construed in accordance with the laws of Ireland. The courts of Ireland shall have non-

exclusive jurisdiction in respect of any dispute. The Supplemental Delaware Security is governed by Delaware law and the Delaware State and / or Federal Courts may have jurisdiction over any dispute or enforcement proceedings relating thereto.

To the extent that any of the Series Assets acquired by the Issuer by request of the Portfolio Manager may require the establishment of further Security governed by other jurisdictions, the Issuer shall ensure the constitution of the required security interest. Such Security shall be governed by the Law of the applicable jurisdiction.

Admission to trading, public offer and listing

Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange.

The Notes will not be offered to the public in any jurisdiction. See "*Selling Restrictions*" below and in the Programme Memorandum.

GWM Group, Inc. and GWM LTD, in their capacity as the Placing Agent, will be solely responsible for the placing of the Notes with prospective investors.

Special Conditions:

(I) Definitions

Words set out in italics in these Conditions do not form part of the definitions for the purpose of the Constituting Instrument and the documents constituted thereby. In the event of a conflict between the Conditions and the Special Conditions, the Special Conditions shall prevail.

"**Additional Mandatory Redemption Event**" means, for the purpose of Condition 2(b)(2) (as amended), the occurrence of any of the following:

(i) the Calculation Agent determines that there is a termination or liquidation of the Loan Transaction Documents, for any reason, including but not limited to, the completion of the Loan term, prepayment of the Loan in full, any event of default by the Borrower, or as agreed from time to time by the Issuer and Borrower and notified to the Calculation Agent and the Sale Agent.

(ii) the Issuer determines that its obligations under the Notes at any time become illegal.

"**Agents**" means, the Principal Paying Agent, the Issue Agent, the Sale Agent, the Placing Agent and the Calculation Agent.

"**Arranger Default**" means if any of the follow events occur (in the sole discretion of the Issuer) in respect of the Arranger. If the Arranger:

(iii) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(iv) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(v) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(vi) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;

(vii) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(viii) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(ix) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced

or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter;

(x) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) above (inclusive);

(xi) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(xii) becomes unable to, or fails to within 10 days of receiving notice form the Trustee or the Issuer, perform its duties under the Notes.

"**Borrower**" means Donec Real Estate 1, Inc.

"**Business Day**" means a day on which banks are generally open for business in New York, Dublin and London.

"**Calculation Agent**" means FlexFunds Ltd. and any successor appointed by the Issuer (with the prior approval of the Trustee) in accordance with the provisions of the Agency Agreement.

"Class B Subscription Agreement" means the subscription agreement for the subscription of the purchase of Common Stock and secured promissory notes with Donec Real Estate 1, Inc., appended to this Series Memorandum.

"**Collateral Default**" means either (i) a compulsory redemption (howsoever described) of the Charged Assets; or (ii) a distribution or return of capital and / or assets to holders of the Charged Assets following the winding up or liquidation of the Common Stock, Borrower and / or event of default under the Loan Transaction Documents.

"**Common Stock**" or "**Class B Common Stock**" means the Class B Common Stock of the Borrower purchased by the Issuer using the proceeds of issue of the Notes.

"**Delaware Security***"* means the security interests governed by Delaware law created by the Charging Instrument dated on the dated on the date of the purchase of the relevant Charged Assets between the Issuer and the Trustee pursuant to which the Issuer has granted in favour of the Trustee for itself and as trustee for the Secured Parties a security interest over the Charged Assets.

"**Distribution Date**" means a date on which the Issuer receives an interest payment, dividend, distribution or similar payment in respect of the Series Assets.

"**Distribution Proceeds**" means an amount determined by the Calculation Agent being: (a) the proceeds of a dividend, interest payment or other distribution in respect of the Charged Assets; less (b) any costs, expenses, taxes and duties incurred in connection with the receipt of such dividend or other revenue.

"**Distribution Net Proceeds**" means an amount determined by the Calculation Agent being the *pro rata* share of the Distribution Proceeds of the Charged Assets in respect of one Note; less the *pro rata* share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the *pro rata* share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes;

and less the *pro rata* share in respect of one Note of any fees payable to the Arranger pursuant to the Conditions of the Notes.

"**Distribution Proceeds**" means an amount determined by the Calculation Agent being: (a) the proceeds of a dividend or other distribution in respect of the Charged Assets; less (b) any costs, expenses, taxes and duties incurred in connection with the receipt of such dividend or other revenue.

"**Early Redemption Date**" means in relation to Conditions 2(b) or 2(c), the date specified in the notice given by or on behalf of the Issuer to the Noteholders in accordance with the Conditions.

"**Early Redemption Payment Date**" means five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (IV). The Early Redemption Payment Date may be significantly later than the Early Redemption Date. See "*Risk Factors – Payments*".

"**Extended Maturity Date**" means the date to which the term of the Notes may be extended under Special Condition (XIII).

"**Final Maturity Payment Date**" means, subject as provided in Special Condition (VII), five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (II). The Final Maturity Payment Date may be significantly later than the Scheduled Maturity Date or the Extended Maturity Date, as applicable. See "*Risk Factors – Payments*".

"**Loan**" means the loan made by the Issuer to the Borrower, pursuant to the Loan Transaction Documents.

"**Loan Transaction Documents**" means together the Security Agreement and Secured Promissory Note.

"**Final Maturity Payment Date**" means, subject as provided in Special Condition (VII), five (5) Business Days following the day that the Issuer receives the aggregate Sale Proceeds pursuant to Special Condition (II). The Final Maturity Payment Date may be significantly later than the Scheduled Maturity Date or the Extended Maturity Date, as applicable. See "*Risk Factors – Payments*".

"**Mandatory Redemption Event**" means any of the events described in Conditions 2(b)(1), (2) or (3).

"**NAV Report**" means a report provided to the Issuer by the Calculation Agent setting out the calculation of the Net Asset Value of the Portfolio (net of any fees as described under Special Condition (XI) below).

"**NAV Report Date**" means the last Business Day of each calendar month.

"**Net Asset Value**" means the value for each component of Series Assets (net of any fees as described under Special Condition (XI) below), as provided by the Calculation Agent to the Issuer, as the case may be, on or before the NAV Report Date, and "**Net Asset Value of the Portfolio**" means the aggregate of the Net Asset Value of each component (net of any fees as described under Special Condition (XI) below) comprised in the Portfolio.

“**Net Proceeds**” means an amount determined by the Calculation Agent being the pro rata share of the Realisable Value in respect of one Note; less the pro rata share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the pro rata share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes; and less the pro rata share in respect of one Note of any fees or amounts payable to the Arranger, the Portfolio Manager and the Issuer pursuant to the Conditions of the Notes (save to the extent that any such fees have been paid separately by the Borrower or an agent of the Borrower as further detailed in Special Condition XI below), less the pro rata share in respect of one Note of USD 1,000 per annum to be retained by the Issuer.

"**Optional Redemption Date**" means the date specified in an Optional Redemption Notice given by the Issuer or the Arranger pursuant to Condition 2(f)(2), as amended by Special Condition (III) (*Optional Redemption by the Issuer or Arranger*).

"**Optional Redemption Payment Date**" means five (5) Business Days following a day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (III). The Optional Redemption Payment Date may be significantly later than the Optional Redemption Date. See "*Risk Factors – Payments*".

"**Placing Agent**" means both GWM Group, Inc. and GWM LTD.

"**Portfolio**" means the Series Assets.

"**Realisable Value**" means an amount determined by the Calculation Agent being: (a) the proceeds of sale or other means of realisation of the Charged Assets (including for the avoidance of doubt any repayments or prepayments of principal under the Loan Agreements) or any proportion thereof as determined by the Calculation Agent; less (b) any costs, expenses, taxes and duties incurred in connection with the disposal, liquidation, realisation or transfer of the Charged Assets by the Sale Agent or any Agent of the Issuer.

"**Related Rights**" means all rights of the Issuer derived from or connected to the Series Assets and the Charged Assets including, without limitation, any rights to receive additional shares or other securities, assets or rights or any offers in respect thereof (whether by way of bonus issue, option rights, exchange, substitution, conversion or otherwise) or to receive monies (whether by way of redemption, return of capital, interest, dividend, distribution, income or otherwise) in respect of the Series Assets and the Charged Assets.

"**Sale Agent**" means both GWM Group, Inc. and GWM LTD.

“Secured Promissory Note” means the promissory note executed and delivered by the Borrower in connection with the Security Agreement (as may be amended, restated, supplemented, varied, assigned, novated, or otherwise from time to time).

“**Security Agreement**” means the security agreement between the Issuer and the Borrower (as may be amended, restated, supplemented, varied, assigned, novated, or otherwise from time to time).

"**Series Assets**" means the Loan Transaction Documents (including the Loan thereunder), the Common Stock, the Class B Subscription Agreement, any loan agreement any loan agreement and/or promissory note entered into between the Issuer and Borrower from time to time and any and all investments, agreements, contracts, shareholder and/or partnership

interests acquired by the Issuer in relation to the Notes and any and all related investments (including any investment company securities and securities accounts), monies, credit balances, assets or related contracts and deposit accounts, trading positions or beneficial interests in any assets, to the extent any of the foregoing is:

(i) held, carried and / or maintained by the Issuer and / or any of the Agents, in relation to the Notes,

(ii) established, agreed or obtained by the Issuer in relation to the Notes, or

(iii) established, agreed, obtained by or in possession or control of the Portfolio Manager in relation to the Notes, pursuant to the Portfolio Management Agreement, for any purpose, including for safekeeping.

See "*Information relating to the Charged Assets*" below.

"**Security**" means the Charging Instrument and the security constituted by the Trust Deed entered into by the execution of the Constituting Instrument dated the Issue Date between the Issuer and the Trustee, amongst others.

(II) **Redemption Amount**

Unless previously redeemed the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD (the "**Redemption Amount**") equal to the Net Proceeds.

No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Scheduled Maturity Date or, as applicable, the Extended Maturity Date, to and including the Final Maturity Payment Date.

(III) **Optional Redemption by the Issuer or Arranger**

The amount payable in respect of any Notes pursuant to an Optional Redemption by the Issuer or an Optional Redemption by the Arranger will be an amount in USD determined by the Calculation Agent equal to the Early Redemption Amount (the "**Optional Redemption Amount**").

Optional Redemption by the Issuer

Condition 2(f)(2) shall apply to the Notes.

The Issuer:

(A) may, on giving not less than ten (10) Business Days' prior notice to the Trustee and the Noteholders (in accordance with Condition 7);

(B) shall, at any time after receipt of a notice pursuant to this Special Condition (III) from the Arranger,

(such notice an "**Optional Redemption Notice**") redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date. The provisions of Condition 2(f)(2) is hereby amended accordingly.

Optional Redemption by the Arranger

The Issuer shall, subject to compliance with all relevant laws, regulations and directives, at the option of the Arranger, where the Arranger is the holder of any Note, redeem such Note on the Optional Redemption Date.

To exercise such option the Arranger must deposit the relevant Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed notice of redemption ("**Redemption Notice**") in the form obtainable from any Paying Agent (in the case of Bearer Notes) or from the Registrar or any Transfer Agent (in the case of Registered Notes) not more than 30 nor less than 2 Business Days prior to the relevant date for redemption and provided that, in the case of any Note represented by a Global Note or a Global Registered Certificate registered in the name of a nominee for Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, the Arranger must deliver such Redemption Notice together with an authority to Euroclear or Clearstream, Luxembourg or the relevant Alternative Clearing System (in each case, as appropriate) to debit such Arranger's account accordingly and provided that, in the case of any Note represented by a Global Registered Certificate registered in the name of any other person, the Arranger must deliver such Redemption Notice together with an instruction to such person to amend its records accordingly. No Note (or authority) so deposited may be withdrawn (except as provided in the Constituting Instrument) without the prior written consent of the Issuer.

The Optional Redemption Payment Date may be significantly later than the Optional Redemption Date. See "*Risk Factors – Payments*".

(IV) **Early Redemption Amount**

(A) The Early Redemption Amount of the Notes (in respect of principal and interest (if applicable)) shall be determined in accordance with Condition 2(e)(2) read with this Special Condition (IV) as follows:

(i) In the event the Notes become due and payable pursuant to Condition 2(b)(1), the Sale Agent shall, on behalf of the Issuer sell or procure the sale or other means of realisation of the Charged Assets in accordance with the Master Charged Assets Sale Terms. The applicable Early Redemption Amount payable in respect of each Note pursuant to Condition 2(b)(1) will be the Net Proceeds; or

(ii) If the Notes become due and repayable in accordance with Conditions 2(b)(2), 2(b)(3), 2(b)(4) or 2(c),

then the applicable Early Redemption Amount shall be determined as an amount equal to the Redemption Amount had the Early Redemption Date been the Final Maturity Payment Date.

The Early Redemption Amount shall be payable on the Early Redemption Payment Date and shall not exceed the Net Proceeds of the Charged Assets. In the event that such Early Redemption Amount is less than the Net Proceeds of the Charged Assets, Noteholders shall receive such lesser amount.

(B) Subject as provided in Special Condition (VII), the Early Redemption Amount will be paid on the Early Redemption Payment Date. No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Early Redemption Date to and including the Early Redemption Payment Date.

(C) The Early Redemption Payment Date may be significantly later than the Early Redemption Date, see "*Risk Factors – Payments*".

(D) For the avoidance of doubt, reference in Condition 4 and Condition 2(e) to the Early Redemption Amount payable pursuant to an Event of Default shall mean the amount payable on redemption of each Note upon its becoming due and payable as provided in Condition 4 being the lesser of (i) the outstanding principal amount of such Note and (ii) the amount available by applying the portion available to the Noteholders pursuant to Condition 3(d) of the Net Proceeds of the enforcement of the Security in accordance with Condition 3 *pari passu* and rateably between the Notes.

(V) **Calculations, determinations and notifications**

Following receipt by the Arranger of the NAV Report from the Calculation Agent on the NAV Report Date, the Arranger will publish a summary of the NAV Report on Bloomberg, and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange

The NAV Report and the summary thereof will be an estimated valuation of the Series Assets and shall not be interpreted as an indication of expected redemption values of the Notes. The NAV Report and the summary thereof shall take account of any fees, expenses or charges that apply to the Notes, and is subject to amendments and / or corrections at any time without giving notice to any person.

Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, in its sole and absolute discretion. The Calculation Agent has agreed in the Constituting Instrument to comply with its obligations set out in these Conditions.

Each of the Issuer, the Portfolio Manager, the Principal Paying Agent and the Trustee shall be entitled to rely on any certification, notification, calculation or determination of the Calculation Agent given or copied to it as being true and accurate for all purposes and none of them shall be obliged to make any investigation or enquiry into any such certification, notification, calculation or determination or into the basis on which such certification, notification, calculation or determination was prepared, given or made.

The Calculation Agent is entitled to rely on any certification, notification, calculation, determination or announcement made by or on behalf of Portfolio Manager and / or any agent of Donec Real Estate 1, Inc. in connection with the Class B Subscription Agreement and shall not be obliged to make any investigation or enquiry into, and shall incur no liability to any person for relying on, any such certification, notification, calculation, determination or announcement reasonably believed by it to be genuine and made by or on behalf of Portfolio Manager and / or any agent of Donec Real Estate 1, Inc.

The Calculation Agent shall consider the value of Series Assets which do not have a valuation provided to remain at cost and shall not be required to modify the recorded value of such Series Assets until provided with supported valuation by Portfolio Manager and / or any agent of Donec Real Estate 1, Inc. or the Portfolio Manager. The Calculation Agent is entitled to rely on any certification, notification, calculation, determination or announcement made by or on behalf of Portfolio Manager and / or any agent of Donec Real Estate 1, Inc. or the Portfolio Manager in connection with the Series Assets and shall not be obliged to make any investigation or enquiry into, and shall incur no liability to any person for relying on, any such certification, notification, calculation, determination or announcement reasonably believed by it to be genuine and made by or on behalf of the Portfolio Manager.

(VI) **Further Notes**

Pursuant to Condition 16 as amended and supplemented by this Special Condition (VI), the Issuer shall be at liberty to issue Further Notes with the express intention that such Further Notes be consolidated and form a single series with the Notes (and with any subsequent Further Notes so issued) provided that:

(A) the net proceeds of the issue of such Further Notes shall be used to acquire further assets as requested by the Portfolio Manager (such further assets and the Related Rights applicable thereto being the Further Charged Assets);

(B) each of the Further Notes that the Issuer may issue from time to time, together with the Notes, are secured collectively on the Issuer's right, title and interest in and to the Original Charged Assets and each of the Further Charged Assets such that the Security for the Notes and any Further Notes shall be the identical and all references to "*Charged Assets*" shall be to the Original Charged Assets and the Further Charged Assets from time to time;

(C) the Conditions of each of the Further Notes are identical to the Conditions of the Notes (save in respect of their date of issue);

(D) each issue of Further Notes will be constituted and secured by a supplement to the Constituting Instrument in the form substantially set out in the Constituting Instrument (or in such other form as is legally effective to constitute and secure the Further Notes) (the "**Further Constituting Instrument**") and so that upon the execution by the Issuer of the Further Constituting Instrument, all references to the Constituting Instrument shall be construed as being to such document as supplemented from time to time; and

(E) the security interests granted by the Issuer in such Further Constituting Instrument are granted to the Trustee for all the Noteholders of the consolidated Series on a *pari passu* basis.

(VII) **Collateral Default and Arranger Default**

(A) If the Calculation Agent determines in its sole discretion that a Collateral Default or a Charged Assets Default has occurred then it shall give notice as soon as practicable thereafter to the Issuer, the Trustee, the Principal Paying Agent and the Noteholders (in accordance with Condition 7) of the occurrence of such event. The Issuer shall redeem the Notes in full by payment to each Noteholder of the Net Proceeds (5) Business Days following the day on which the Issuer receives the Realisable Value.

(B) If the Issuer (in its sole discretion) determines that an Arranger Default has occurred then it shall give notice as soon as practicable thereafter to the Trustee, the Principal Paying Agent and the Noteholders (in accordance with Condition 7) of the occurrence of such event. The Issuer shall redeem the Notes in full by payment to each Noteholder of the Net Proceeds five (5) Business Days following the day on which the Issuer receives the Realisable Value.

(VIII) **Purchase**

Condition 2(g) shall apply subject as amended by this Special Condition (VIII). In determining what proportion of Charged Assets corresponds to the proportion of Notes to be purchased, the Issuer shall be entitled to rely on advice given to it by the Calculation Agent. The Issuer has absolute discretion to designate which part of the Series Assets to select in order to fulfil its obligations pursuant to Condition 2(g) as hereby amended.

(IX) **The Trustee**

The Trustee shall not be responsible for, or be obliged to monitor or verify or investigate:

(A) the performance, operation or calculation of the Portfolio or other element of the calculation thereof but shall be entitled to rely absolutely on any calculation thereof by the Calculation Agent;

(B) the performance, operations or financial condition of the Portfolio or the terms of the Charged Assets or the calculation of amounts payable in respect thereof;

(C) the performance by the Portfolio Manager or Issuer of their respective obligations under the Portfolio Management Agreement or any other of any agreement relating to, or in connection with, the Portfolio and shall be entitled to assume that the Issuer is in compliance with the terms thereof unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent;

(D) whether or not any Additional Mandatory Redemption Event or other event referred to in Special Condition (IV), any Event of Default or any Collateral Default and shall be entitled to assume that no such event has occurred unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent; or

(E) save to the extent caused by its own negligence or wilful default the Trustee shall not be responsible or liable for any failure to sell, realise or redeem the Charged Assets and the Mortgaged Property or any delay in doing so nor for any loss suffered or incurred by any person as a result of the Net Proceeds, the Realisable Value or any other proceeds of sale, realisation or redemption of the Charged Assets or the Mortgaged Property being insufficient to discharge any Redemption Amount, Early Redemption Amount or Optional Redemption Amount in full.

(X) **Sale Agent**

The Sale Agent shall, on behalf of the Issuer, sell or procure the sale or other means of realisation of the Charged Assets and shall be entitled to deduct any costs, expenses, taxes and duties incurred in connection with any disposal, realisation or transfer of such Charged Assets.

In the event of an Early Redemption Event or Mandatory Redemption Event, at the discretion of the Issuer and the Arranger, the Sale Agent may enter into agreements with third parties for the purpose of liquidation, realisation, disposal or transfer of Charged Assets, and shall be entitled to deduct any costs, expenses, taxes, duties and / or interest due and incurred in connection with such liquidation, realisation, disposal or transfer.

The Sale Agent may sell or procure the sale or other means of realisation of the Charged Assets in such manner and to and/or involving such person as it thinks fit and shall be entitled to sell and procure the sale or other means of realisation of the Charged Assets at such price in its sole discretion. The Sale Agent shall not be responsible or liable for any failure to sell or realise the Charged Assets or any delay in doing so nor for any loss suffered or incurred by any person as a result of their sale or other means of realisation.

(XI) **Fees**

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, as determined by the Calculation Agent, the Issuer has agreed to pay certain fees to the Arranger which shall be paid by Portfolio Manager or Donec Real Estate 1, Inc. In the event that Portfolio Manager or Donec Real Estate 1, Inc. fails to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount.

The following fees shall be determined by the Calculation Agent as at the date expected to be two Business Days immediately prior to the Interest Determination Date:

1) The fees payable to the Arranger (the "**Arranger Fee**"):

    a. 0.55% per annum of the amount advanced (and which remains outstanding) by the Issuer to the Borrower under the Loan Transaction Documents up to USD 25,000,000, 0.45% of the Advanced Amount over USD 25,000,000 but below USD 50,000,000 and 0.40% of the Advanced Amount above USD 50,000,000, provided that on and from the date falling on the third anniversary of the Issue Date the Arranger Fee shall be a flat rate of 0.40% of the Advanced Amount, payable in arrear on the fifth Business Day of January, April, July and October in each year, on any Optional Redemption Payment Date or Early Redemption Payment Date and on the Final Maturity Payment Date. The Arranger Fee is subject to an aggregate minimum payment of USD 1,500 per month.

To the extent that the Issuer does not receive payment in full of the Arranger Fee the Arranger Fee shall be deducted from either (i) the Interest Payment to Noteholders and therefore will result in a decrease of the Interest Amount or (ii) the Net Asset Value of the Portfolio and therefore will result in a decrease of the value of the Notes or both (i) and (ii), as the Calculation Agent may decide in its sole discretion.

The Issuer will incur fees in relation to the issuance of the Notes, which shall be met by Portfolio Manager or Donec Real Estate 1, Inc. In the event that Portfolio Manager or Donec Real Estate 1, Inc. fails to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount. Such fees will include, but shall not be limited to:

(A) any fees, costs and expenses payable by the Issuer which are directly attributable to the Notes, including:

(1) costs incurred in connection with the issuance, listing, clearing of the Notes and/or the performance of obligations in relation thereto;

(2) any commissions, fees, costs and expenses payable by the Issuer pursuant to the Constituting Instrument and the Series Documents as defined therein;

(3) any fees, costs and expenses of the administrator of the Issuer payable by the Issuer or the Arranger in respect of the Notes; and

(4) any legal fees and disbursements payable by the Issuer, the Arranger or the Trustee to Mason Hayes & Curran or to A&L Goodbody or any other legal advisers to the Issuer, Arranger or Trustee in respect of the issuance of the Notes; and

(B) in relation to any realisation of the Charged Assets, all commissions, fees, charges and expenses (including, without limitation, any stamp duty, documentary or transfer or other taxes or duties payable in respect of the sale or other realisation of any such Charged Assets) incurred or payable by the Sale Agent in respect of such sale or other realisation, as certified by the Sale Agent to the Issuer and the Trustee.

Any amounts payable under the Notes are based on the performance of the Charged Assets net of the fees described above. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in value of the Notes.

Estimated fees include a set-up fee of €15,000 (euro) and other Administration fees estimated at €8,300 (euro) per year.

2) Fees payable in respect of the underlying investment

Investors in the Notes should take note of the fees payable to Portfolio Manager (or its designee) and any other fees payable in respect of the underlying investment. Details of the fees payable to Donec Real Estate 1, Inc. and the Portfolio Manager are set out in the Class B Subscription Agreement (a copy (or copies) of which is appended to the Series Memorandum.

(XII) **Interest**

The Calculation Agent or the Issuer may, from time to time, on a Business Day determined by the Issuer but no later than fifteen (15) calendar days after a Distribution Date, nominate any Business Day as an Interest Payment Date. The Interest Determination Date shall be any Business Day at the discretion of the Arranger, the Calculation Agent or the Issuer. On the Interest Determination Date the Calculation Agent shall calculate the amount of Interest owing on the Notes and shall inform the Trustee, Paying Agent and Issuer of the amount payable and interest shall be paid in accordance with the Conditions and the Agency Agreement. The Interest Amount may be subject to deduction of the Arranger Fee as described in Special Condition (XI).

(XIII) **Extended Maturity Date**

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders three (3) calendar months prior to the Scheduled Maturity Date or the anniversary thereof in each subsequent year, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice,

or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Scheduled Maturity Date or on the date stated in the final Extension Notice (such date being the "**Extended Maturity Date**").

(XIV) **Replacement and/or Substitution of Charged Assets**

The Portfolio Manager may require a Replacement of Charged Assets in accordance with Condition 3(f)(1) (notwithstanding that such Condition provides that only the Swap Counterparty may effect such Replacement) or a Substitution of Charged Assets in accordance with Condition 3(f)(2)(b).

Use of Proceeds

The entire net proceeds from the issue of the Notes will be invested by the Issuer (at the request of the Portfolio Manager) in the Charged Assets subject to the terms of the Class B Subscription Agreement and the entire net proceeds of issue of Further Notes (if any) shall be invested in the relevant Further Charged Assets, in each case as soon as practical following the Issue Date or, as applicable, the relevant date of issue in respect of any Further Notes.

Information relating to the Charged Assets

General

The Issuer intends to use the proceeds of the issuance of the Notes to (i) invest, on or as soon as practicable after the Issue Date in, the Common Stock and (ii) make a secured loan to the Borrower pursuant to the Loan Transaction Documents.

HUS Partners LLC is a real estate sponsor based in Atlanta, GA that specializes in the multifamily apartment market in the Southeastern United States. Their investment strategy focuses on the B- to A Sector of the multifamily market, with special emphasis in value add properties requiring asset rehabilitation and repositioning in order to generate improvements to net operating income, which in turn increases the value of the asset, generating improved investors returns.

On the Issue Date, the Original Charged Assets will consist of the Series Assets and the Related Rights.

The Series Assets

For a detailed description of the Series Assets see the **CLASS B SUBSCRIPTION AGREEMENT & LOAN TRANSACTION DOCUMENTS**, a copy (or copies) of which is appended to this Series Memorandum.

Description of security arrangements in respect of the Notes

Introduction

The Notes will be secured, limited recourse obligations of the Issuer. The purpose of this section is to provide further information in respect of these important features of the Notes, which are included in the Conditions. However, the following description is a summary only of certain aspects of the security arrangements and is subject in all respects to the terms of the Trust Deed and the Conditions of the Notes, of which Noteholders are deemed to have notice and by which they are bound.

The Issuer will, pursuant to the provisions of the Trust Deed, grant the Security described below to the Trustee as continuing security for the payment of all sums due under the Trust Deed and the Notes. The Trustee shall hold such Security on behalf of itself, the Agents and the Noteholders.

Security arrangements

The Notes will be secured by a charge over the Series Assets from time-to-time and the Related Rights obtained with the entire net proceeds of the issue of the Notes and all rights and sums derived therefrom in favour of the Trustee for itself and as trustee for the Secured Parties (which includes the Noteholders).

Under the Trust Deed, as amended by the terms of the Constituting Instrument, the Issuer, in favour of the Trustee for itself and as trustee for the Secured Parties, and as continuing Security, will:

(A) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Series Assets;

(B) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in and to all funds and any other assets now or thereafter standing to the credit of the account of the Principal Paying Agent in respect of the Notes, the Further Notes and the debts represented by such moneys;

(C) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Agency Agreement and the Placing Agreement and all sums and any other assets derived therefrom;

(D) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights with respect to (a) the Charged Assets and (b) any moneys and/or assets received in respect of such Charged Assets (including for the avoidance of doubt, any assets received by it upon conversion of all or any part of the Charged Assets); and

(E) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties (other than the Portfolio Manager, if any) all of the Issuer's rights, title, benefit and interest in, to and under the Portfolio Management Agreement and all sums derived therefrom,

in each case on terms that the Trustee shall hold the proceeds of such Security for itself and on trust for itself, and the Secured Parties (and the holders of any Further Notes in accordance with the terms of the Trust Deed).

Charging Instrument

Pursuant to the Charging Instrument the Issuer will grant a Delaware law governed security interest over the Charged Assets obtained with the net proceeds of the issue of the Notes and all rights of the Issuer derived from or connected to the Charged Assets as security in favour of the Trustee for itself and as trustee for the Secured Parties.

Enforcement of the Mortgaged Property

The Mortgaged Property may become enforceable if the Notes or any of them have become due and repayable (for example, due to acceleration following the occurrence of a Tax Event, Mandatory Redemption Event, Additional Mandatory Redemption Event or an Event of Default) and have not been repaid.

In such circumstances the Trustee may at its discretion, and upon being indemnified, secured and/or prefunded to its satisfaction and shall if so requested or directed by the relevant parties (as more fully described in Condition 7), realise the Charged Assets. In realising the Charged Assets the Trustee may, but shall not be obliged to, procure the sale of the Charged Assets or may request the redemption of the Charged Assets.

Priority of claims and potential for insufficient security on sale of Charged Assets and/or on enforcement

In the event that any Charged Assets are required to be sold pursuant to the Conditions or the Security constituted by the Trust Deed; the Constituting Instrument and the Charging Instrument becomes enforceable in accordance with the Conditions, the net sums realised could be insufficient to pay all the amounts due to the Noteholders under the Notes. The sums realised from any such sale of the Charged Assets will be subject to deduction of the costs and expenses associated with such sale. In addition, all costs and expenses incurred by the Trustee in enforcing the Security (including any costs of a receiver or similar official) and amounts due to the Agents will be deducted from the proceeds of such enforcement before such proceeds are paid to the Noteholders. After taking action to enforce the Security as provided in the Conditions, the Trustee shall not be entitled to take any further steps against the Issuer to recover any sum still unpaid and no debt shall be owed by the Issuer in respect of such sum. In particular, no Agent or Noteholder may petition or take any other step for the winding-up of the Issuer nor shall any of them have any claim in respect of any sum over or in respect of any assets of the Issuer which are security for any other liability of the Issuer.

Limited recourse provisions

The Trustee, the Agents and the Noteholders (in each case to the extent that their claims are secured) shall have recourse only to the Mortgaged Property. If, the Trustee having realised the Mortgaged Property, the proceeds thereof are insufficient for the Issuer to make all payments then due to all such parties, the obligations of the Issuer will be limited to such proceeds of realisation of the Mortgaged Property and no other assets of the Issuer will be available to meet such shortfall; the Trustee, the Agents, the Noteholders or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum and no debt shall be owed to any such persons by the Issuer. The Trustee (including any costs of a receiver or similar official) and the

Agents, shall rank prior to the Noteholders in the application of all moneys received in connection with the realisation or enforcement of the Security. In particular, none of the Trustee and the Agents or any holder of the Notes may petition or take any other step for the winding-up of the Issuer, and none of them shall have any claim in respect of any sum arising in respect of the Mortgaged Property for any other Series.

Information relating to the Portfolio Manager

Portfolio Management Agreement

The Portfolio Management Agreement sets out the terms and condition of the appointment of the Portfolio Manager.

The Portfolio Manager, in accordance with the terms of the Portfolio Management Agreement, shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to pursue any investment strategy that it deems fit to maximise the total returns achieved by the Portfolio by at acceptable levels of risk, given market circumstances. A blend of income and growth will be targeted utilizing a combination of the investments permitted under the Notes, including public and / or private assets at the discretion of the Portfolio Manager and pursuant to the Portfolio Management Agreement.

The Portfolio Manager will be obliged to seek to achieve the Investment Objective and to enhance the performance of the Portfolio through investments in any assets that meet the Investment Objective, using no leverage.

The Portfolio Manager shall be obliged to manage the buying and / or selling of Series Assets pursuant to the Portfolio Management Agreement, by requesting the Issuer to make Replacements and/or Substitutions of Charged Assets. A Replacement/Substitution may only be made if:

(i) such Replacement/Substitution and any Replacement/Substitute Assets do not:

(aa) render the Issuer liable to taxation outside its jurisdiction of incorporation;

(bb) result in the contravention by the Issuer of any applicable law or regulation;

(cc) require the Issuer to make any filing or declaration under any applicable law or regulation;

(dd) give rise (save as provided for in Condition 3(f)(1) and/or 3(f)(2)) to any obligation or liability on the Issuer's part to take any action, or to make any payment, other than with the Issuer's express agreement; and

(ii) any Replacement/Substitute Assets are expressed to be delivered, transferred or (as the case may be) assigned to the Issuer on the same terms, mutatis mutandis, as the Charged Assets the subject of a Replacement or Substitution or otherwise as the Trustee and the Portfolio Manager may approve.

Portfolio Manager

The Issuer has appointed HUS Partners LLC as the Portfolio Manager in respect of the Notes pursuant to the Portfolio Management Agreement. The role of the Portfolio Manager is to actively manage the Portfolio by requesting the Issuer to buy and / or sell Series Assets pursuant to the Portfolio Management Agreement.

HUS Partners LLC is a real estate sponsor based in Atlanta, GA that specializes in the multifamily apartment market in the Southeastern United States. Their investment strategy focuses on the B- to A Sector of the multifamily market, with special emphasis in value add properties requiring asset

rehabilitation and repositioning in order to generate improvements to net operating income, which in turn increases the value of the asset, generating improved investors returns.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Portfolio Manager.

Fees

The fees payable to the Portfolio Manager are described in Special Condition (XI) of the Notes.

The above summary is qualified in its entirety by the terms of the Portfolio Management Agreement, which will be available during business hours on any day (Saturdays, Sundays and public holidays excepted) for inspection at, and collection of copies from, the registered office of the Issuer for as long as the Notes are outstanding.

Information relating to the Arranger and Calculation Agent

FlexFunds Ltd. is the Arranger in respect of the Notes and has been appointed as Calculation Agent, and as such is responsible for certain management and administrative functions in relation to the Notes.

FlexFunds Ltd. is an exempted company incorporated in the Cayman Islands with limited liability. The company administers the Note program with all participants and prepares the notes for issuance and calculation of NAV.

FlexFunds Ltd. has a presence in the Cayman Islands.

As Calculation Agent, FlexFunds Ltd. is responsible for determining the Interest Payment Date and any Extended Maturity Date in addition to calculating interest payment on the Notes.

The Calculation Agent may at any time resign and the Issuer may at any time terminate its appointment, subject to giving 60 days' prior written notice. In such case the Issuer would, with the prior written consent of the Trustee, appoint a successor.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

Fees

The fees payable to FlexFunds Ltd. as the Arranger are described in Special Condition (XI) of the Notes.

Information relating to the Sale Agent and Placing Agent

GWM Group, Inc. and GWM LTD have been appointed as Sales Agent and Placing Agent, and as such are responsible for certain management and administrative functions in relation to the Notes.

GWM Group, Inc. is a full service broker dealer based in Stamford, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Its clients' accounts are introduced on a fully disclosed basis to Interactive Brokers, LLC.

GWM Group, Inc. offers execution services to clients ranging from retail clients to institutional investment firms, and services ranging from wealth management services to custody and clearing services. The company also offers investment solutions, such as fee-based programs, retirement products and programs, asset management accounts, margin borrowing, mutual fund solutions, and wealth management.

GWM Group, Inc. has a presence in Connecticut and Miami.

GWM LTD was incorporated in Bermuda in December 2014 and is licensed to conduct investment business by the Bermuda Monetary Authority.

The Bermuda Monetary Authority granted approval to GWM LTD for a license under section 16 of the Investment Business Act 2003.

As Placing Agent, GWM Group, Inc. and GWM LTD have agreed to comply with all duties and responsibilities set out in the Conditions of the Notes, and to strictly adhere to the Selling Restrictions.

As Sales Agent, GWM Group, Inc. and GWM LTD are responsible to the Issuer for taking any steps in order to realise the Charged Assets as required for the purposes of the Notes.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

Information relating to the Issuer

General

The Issuer was incorporated in Ireland as a public limited liability company on 29 August 2011, with registration number 502865 under the name IA Capital Structures (Ireland) plc, under the Companies Acts 1963 – 2013.

The registered office of the Issuer is at 22 Clanwilliam Square, Grand Canal Quay, Dublin 2, Ireland. The telephone number of the Issuer is +353 1 609 9184. The authorised share capital of the Issuer is EUR 100,000,000 divided into 100,000,000 Ordinary Shares of EUR 1 each ("**Shares**"). The Issuer has issued 38,100 Shares all of which are fully paid. The issued Shares are held by a Jersey-incorporated company, Sanne Trustee Services Limited (the "**Share Trustee**"), on trust for charitable purposes. The Share Trustee has, inter alia, undertaken not to exercise its voting rights to wind up the Issuer unless and until it has received written confirmation from the Directors of the Issuer that the Issuer does not intend to carry on further business.

The Issuer has been established as a special purpose vehicle. The principal activities of the Issuer are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements.

The Issuer is not, and will not be, regulated by the Central Bank of Ireland (the "Central Bank") by virtue of the issue of the Notes. Any investment in the Notes does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by the Central Bank.

The Issuer has not underwritten and will not underwrite the issue of, place, offer, or otherwise act in respect of the Notes, otherwise than in conformity with the provisions of all laws applicable in the jurisdiction in which the Notes are offered.

Directors and company secretary

The Directors of the Issuer are as follows:

- Wendy Merrigan
- Rory Williams

The Company Secretary is Sanne Capital Markets Ireland Limited.

Sanne Capital Markets Ireland Limited is the administrator of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated forthwith if the administrator commits any material breach of the corporate service agreement between the Issuer and the administrator, or if the administrator is unable to pay its debts as they fall due or if the administrator becomes subject to insolvency or other related proceedings. The administrator may retire upon 90 days' written notice subject to the appointment of an alternative administrator on similar terms to the existing administrator. The business address of the administrator is 22 Clanwilliam Square, Grand Canal Quay, Dublin 2, Ireland.

The auditors of the Issuer are PricewaterhouseCoopers who are chartered accountants qualified to practice in Ireland.

Financial statements

The Issuer has published financial statements for up to 30 June 2015.

Authorisation

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 28 October 2016.

Litigation

There are no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the Issuer's financial position.

Selling restrictions

In addition to the Selling Restrictions set out in the Programme Memorandum the restrictions set out below shall apply.

The Issuer has not underwritten and will not underwrite the issue of, place, offer, or otherwise act in respect of the Notes, otherwise than in conformity with the provisions of all laws applicable in the jurisdiction in which the Notes are offered.

The Notes have not been and will not be registered under the U.S Securities Act of 1933, as amended, and may not be directly or indirectly offered or sold in the United States or to or for the benefit of any U.S person (as defined in Regulation S) unless the securities are registered under the Securities Act of 1933, or an exemption from the registration requirements of the Securities Act of 1933 is available.

Where:

"**U.S person**" means a "*US person*", as the term is defined in Regulation S under the Securities Act of 1933 (as amended from time to time) and more particularly are references to: (i) any natural person that resides in the U.S; (ii) any entity organised or incorporated under the laws of the U.S; (iii) any entity organised or incorporated outside the U.S that was formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act of 1933, unless it is organised or incorporated, and owned, by accredited investors (as defined in Section 501 of Regulation D promulgated under the Securities Act of 1933) who are not natural persons, estates or trusts; (iv) any estate of which any executor or administrator is a US person ; (v) any trust of which any trustee is a U.S person; (vi) any agency or branch of a foreign entity located in the U.S; or (vii) 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; and (viii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or resident in the U.S.. For the purposes hereof, the term "**U.S person**" shall not include any discretionary or non-discretionary account (other than an estate or trust) held for the benefit or account of a non-U.S person by a dealer or other professional fiduciary organised or incorporated in the US. The term "**U.S person**" includes entities that are subject to the U.S Employee Retirement Income Securities Act of 1974, as amended, or other tax-exempt investors or entities in which substantially all of the ownership is held by U.S persons.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer of Notes to the public has not and may not be made in that Relevant Member State.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Programme Memorandum, this Series Memorandum or any part thereof or any other offering material, in any country or jurisdiction where action for that purpose is required.

NO OFFER, SALE OR DELIVERY OF THE NOTES, OR DISTRIBUTION OR PUBLICATION OF ANY OFFERING MATERIAL RELATING TO THE NOTES, MAY BE MADE IN OR FROM ANY JURISDICTION EXCEPT IN CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. ANY OFFER OR SALE OF THE NOTES SHALL COMPLY WITH THE SELLING RESTRICTIONS AS SET OUT IN THE ISSUER'S OFFERING DOCUMENTS AND ALL APPLICABLE LAWS AND REGULATIONS.

General Information

For so long as the Notes remain outstanding, the following documents will be available in physical form from the date hereof during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Issuer and the specified office of the Principal Paying Agent in London:

(a) the Master Documents which are incorporated by reference by the Constituting Instrument so as to constitute the Trust Deed, Agency Agreement, Placing Agreement and Charged Assets Sale Agreement and the Portfolio Management Agreement with respect to the Notes (to the extent not otherwise amended, modified and/or supplemented by the Constituting Instrument);

(b) any deed or agreement supplemental to the Master Documents;

(c) the Programme Memorandum;

(d) the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer; and

(e) the Constituting Instrument.

APPENDIX 1 – CLASS B SUBSCRIPTION AGREEMENT

DONEC REAL ESTATE 1, INC.

a Delaware corporation

Offering of Class B Non-Voting Common Stock
and Secured Promissory Notes

October 28, 2016

DONEC REAL ESTATE 1, INC.

SUBSCRIPTION AGREEMENT

_____ ___, 2016

Individual Investor Name: _____
Address: _____
City, State Zip: _____

Ladies and Gentlemen:

Introduction. Donec Real Estate 1, Inc., a Delaware corporation (the "Company") is offering (the "Offering") prospective investors an opportunity to purchase shares of Class B Non-Voting Common Stock of the Company (the "Class B Shares") and to make the Loans (as defined below) to the Company. The aggregate Offering amount is $6,925,000 (the "Maximum Offering Amount"). The minimum subscription amount of an investor in the Offering shall be $100,000; however, the Company, in its discretion, may accept subscriptions for a lesser amount. The Company intends to offer the Class B Shares and the secured promissory notes evidencing the Loans through November 30th, 2016 (the "Offering Expiration Date"), subject to extension without further notice to or consent of prospective investors at the discretion of the Company.

The Company seeks to provide income and capital appreciation to its investors through an investment in the limited liability company interests of Donec Real Estate 1 One, LLC, a Delaware limited liability company ("Donec 1"). Donec 1 will be a member and holder of 100% of the limited liability company membership interests of Donec Real Estate 1 Two , LLC, a Delaware limited liability company ("Donec 2") which will acquire real estate in the United States. The property is called The Eclipse, which is a 175 unit apartment community built in 1986 (the "Project"). The Project was acquired by an affiliate of the ultimate beneficial owners of the Manager (as defined below) in August of 2013 and rehabbed between 2013-2016. The Project is located in the city of Duluth, Georgia, and consists of one and two bedroom units with five different floor plans. The Project is situated on a 13.44 acre site that consists of ten 2-story and three 2/3-split story apartment buildings (the "Project"). Donec Partners , LLC, a Delaware limited liability company (the "Manager"), is the manager and holder of a 20% "profits only" membership interest in Donec 1. Mark Leaphart and Federico Grillo are members of Domum Real Estate Partners LLC, which is the general partner (and holds a 0.066% interest) of Domum Equity 1 LP. Domum Equity 1 LP owns the Project via its 100% interest in Domum Equity 1 One LLC. Federico Grillo also personally has a 0.516% interest in Domum Equity 1 LP. Domum Real Estate Partners LLC is the holder of a 20% "profits only" partnership interest in Domum Equity 1 LP.

Twenty percent (20%) of the aggregate subscription proceeds will be used to acquire 100% of the Class B Shares of the Company. All of the Class B Shares shall represent approximately 95% of the value of the Company. The Manager will hold all of the Class A Voting Common Stock of the Company (the "Class A Shares"). In addition, eighty percent

(80%) of the aggregate subscription proceeds will be used to make loans to the Company as further described in this Agreement (the "Loans"). All funds received by the Company, including the proceeds of the Loans, shall be used to acquire limited liability company interests in Donec 1.

The Offering is being made without registration of the Class B Shares under the Securities Act of 1933, as amended (the "Securities Act"), or any securities law of any state of the United States or of any other jurisdiction, and is being made only to prospective investors that are not U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act. Each Purchaser (as defined below) will be required to pay the entire subscription price for the Class B Shares subscribed for hereunder at the time of the execution and delivery of this Subscription Agreement (the "Agreement") to the Company. The Company will accept subscriptions only from investors who are not U.S. persons and who have no intention of becoming a U.S. person during the period in which they will own the Class B Shares. Further, the Class B Shares may not be resold within the United States or to U.S. Persons. There is no public market for the Class B Shares, and no public market will develop.

The Class B Shares and the promissory notes offered in this Offering are speculative in nature and involve a high degree of risk and are suitable only for persons of substantial means who have no need for liquidity in this investment and who are able to bear the economic risks of this investment. In addition to the other information contained in this Agreement, each Purchaser should carefully consider the risk factors disclosed in this Agreement, including those set forth under "Risk Factors," in evaluating an investment in the Class B Shares and the Loans. The Company reserves the right to withdraw or amend for any reason this Offering and reject any subscription for any reason.

IMPORTANT NOTICES

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION, NOR IS SUCH REGISTRATION CONTEMPLATED, AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. FURTHERMORE, THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OF ANY OTHER JURISDICTION, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

REFERENCES IN THIS AGREEMENT TO THE "COMPANY," "WE," "OUR" AND "US" REFER TO DONEC REAL ESTATE 1, INC.

THIS AGREEMENT IS INTENDED SOLELY FOR THE USE OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY THE COMPANY FOR THE PURPOSE OF

EVALUATING A POSSIBLE INVESTMENT BY THE RECIPIENT IN THE CLASS B SHARES, AND IT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS (OTHER THAN PROFESSIONAL ADVISORS OF SUCH RECIPIENT).

NO ACTION HAS BEEN TAKEN BY THE COMPANY WHICH WOULD PERMIT AN OFFERING OF OR DISTRIBUTION OF THIS AGREEMENT OR ANY OFFERING MATERIAL IN RELATION TO THE COMPANY OR THE CLASS B SHARES IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, EACH PROSPECTIVE PURCHASER OF THE CLASS B SHARES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE CLASS B SHARES OR DISTRIBUTES THIS AGREEMENT AND MUST OBTAIN ANY APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE OF SALE BY IT OF THE CLASS B SHARES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFER OR SALES, AND THE COMPANY SHALL HAVE NO RESPONSIBILITY THEREFOR.

THE COMPANY RESERVES THE RIGHT TO REJECT ANY COMMITMENT TO SUBSCRIBE FOR THE CLASS B SHARES IN WHOLE OR IN PART AND TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAT THE FULL AMOUNT OF THE CLASS B SHARES SOUGHT BY SUCH INVESTOR.

THE CLASS B SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE SECURITIES LAWS OF ALL OTHER APPLICABLE JURISDICTIONS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE CLASS B SHARES OFFERED HEREBY IN ANY JURISDICTION OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION.

THE INFORMATION CONTAINED IN THIS AGREEMENT WAS PREPARED OR PROVIDED BY THE COMPANY AND NO OTHER PARTY HAS MADE ANY INDEPENDENT INVESTIGATION OF SUCH INFORMATION AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF SUCH INFORMATION. THE INFORMATION CONTAINED HEREIN IS PRESENTED AS OF THE DATE OF THIS AGREEMENT SET FORTH ABOVE AND IS SUBJECT TO CHANGE, COMPLETION OR AMENDMENT WITHOUT NOTICE. NEITHER THE DELIVERY OF THIS AGREEMENT AT ANY TIME NOR ANY SALE OF THE CLASS B SHARES OFFERED HEREBY SHALL IMPLY THAT INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS AGREEMENT SET FORTH ABOVE.

PROSPECTIVE INVESTORS ARE URGED TO CAREFULLY READ THIS AGREEMENT AND ALL DOCUMENTS AND EXHIBITS HERETO. THIS AGREEMENT DOES NOT PURPORT TO BE ALL-INCLUSIVE OR CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY REQUIRE IN INVESTIGATING THE COMPANY OR EVALUATING AN INVESTMENT IN THE CLASS B SHARES OFFERED HEREBY. IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING, WITHOUT LIMITATION, THE MERITS AND RISKS INVOLVED.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS AGREEMENT AS LEGAL, INVESTMENT OR TAX ADVICE. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THIS AGREEMENT AND SHOULD CONSULT THEIR OWN ATTORNEYS, INVESTMENT ADVISORS AND TAX ADVISORS AS TO LEGAL, INVESTMENT AND TAX RELATED MATTERS CONCERNING THIS OFFERING.

THIS AGREEMENT WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL, STATE, OR LOCAL TAX PENALTIES. THIS AGREEMENT WAS PREPARED TO SUPPORT THE PROMOTION OR MARKETING OF THE CLASS B SHARES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

This Agreement is highly confidential and has been prepared solely for use in connection with this Offering and is not for use by any other person or by the public generally. By accepting delivery of this Agreement, each prospective Purchaser agrees that the information contained in this Agreement and any other oral or written information provided by the Company in connection with the Offering is confidential and proprietary to the Company and is being submitted to the prospective Purchaser solely for its confidential use in connection with the Offering, with the express understanding that, without the Company's prior express written permission, the prospective Purchaser will not release this Agreement or any such other information or discuss the information contained herein or therein, or make reproductions of or use this Agreement or any such other information, for any purpose other than evaluating a potential investment in the Class B Shares and the promissory notes evidencing the Loans. By accepting delivery of this Agreement, a prospective Purchaser agrees to promptly return to the Company this Agreement and any other information furnished to the prospective Purchaser by or on behalf of the Company if the prospective Purchaser elects not to purchase any of the Class B Shares or if the Offering is terminated or withdrawn. Notwithstanding the foregoing, this Agreement shall not be treated as confidential from federal taxing authorities in an audit by such authorities.

This Agreement includes certain statements and estimates with respect to the Company's anticipated future performance. These statements and estimates are based upon various assumptions by the Company's management that may not prove to be correct. Such assumptions are inherently subject to significant uncertainties and contingencies, many of which are beyond the Company's control. No representation is made, and no assurance can be given, that the Company can or will attain such results.

This Agreement does not purport to be all-inclusive or to contain all the information that a prospective Purchaser may desire in investigating the Company. Each prospective Purchaser must conduct and rely on his, her or its own examination of the Company and the terms of the Offering, including the merits and risks involved, in making an investment decision with respect to the Class B Shares and making of the Loans. See "Risk Factors" for a discussion of certain factors that should be considered in connection with the purchase of the Class B Shares and making of the Loans. Certain provisions of various documents may be summarized in this Agreement, but a prospective Purchaser should not assume that the summaries are complete. Such summaries are qualified in their entirety by reference to the complete text of such documents, which are available upon request.

Except as otherwise indicated, this Agreement speaks as of the date hereof. Neither the delivery of this Agreement nor any sale of the Class B Shares shall, under any circumstances, create any implication that there has been no change in the Company's affairs or the information contained herein after the date hereof. The Company does not undertake any obligation to update any of the information in this Agreement to reflect changes in the Company's business or in any of the information contained herein.

No person has been authorized to give any information or to make representations in connection with the Offering other than the information contained in this Agreement. Prior to the consummation of the purchase and sale of any Class B Shares, the Company will afford prospective Purchasers an opportunity to ask questions of and receive answers from the Company concerning the terms and conditions of the Class B Shares being offered pursuant to the Offering, the Company's business or other relevant matters and to obtain additional information to the extent that the Company possesses such information or can acquire it without unreasonable effort or expense.

The Company and you (the "Purchaser") hereby agree as follows:

Section 1. Subscription Price and Payment. The Company hereby agrees to sell to the Purchaser, and the Purchaser hereby subscribes for and agrees to purchase from the Company, that number of Class B Shares set forth on the signature page hereto and to make a Loan to the Company for the subscription price set forth therein. The minimum subscription amount in this Offering is $100,000; however, the Company, in its discretion, may accept subscriptions for a lesser amount. The Company is seeking to raise the Maximum Offering Amount in this Offering; however, at the option of the Company, the Maximum Offering Amount may be increased without notice to or consent of investors in this Offering. Notwithstanding the above offering amount, the Company may close this Offering without having raised the Maximum Offering Amount. The undersigned understands that all amounts delivered by the undersigned pursuant to this Section 1 will be held in escrow by the Company until the Company accepts the Purchaser's subscription, the expiration of any applicable rescission period and as otherwise provided herein; thereafter, all funds shall be available for use by the Company in accordance with the closing schedule set forth in Section 2 below. If the undersigned's subscription is rejected for any reason, all documents will be promptly returned by the undersigned to the Company and the Company will return the undersigned's funds without interest or deductions.

Section 2. Closing. The closing of the Offering (the "Final Closing") shall occur upon the earlier of: (i) the Offering Expiration Date; or (ii) the date the Maximum Offering Amount is achieved.

Section 3. Acceptance of Offers to Purchase. Until the issuance to the Purchaser of the Class B Shares and secured promissory note subscribed for by the Purchaser, the Company shall have the right, in its sole discretion, not to accept the Purchaser's offer to purchase, in whole or in part, by notice to the Purchaser. Upon acceptance of an offer to purchase and receipt by the Company of the funds necessary to fulfill the Purchaser's subscription obligations, stock certificates representing the Class B Shares subscribed for by the Purchaser hereunder and a secured promissory note for the Loan to be made by the Purchaser to the Company shall be issued to the Purchaser. The Purchaser further understands and agrees that the Purchaser's subscription shall be accepted by the Company only if and when this Agreement is countersigned by the Company and delivered to the Purchaser. Subscriptions may not be accepted in the order received and the Class B Shares and secured promissory notes may be allocated among the subscribers at the sole discretion of the Company. The Offering will expire at the earlier of: (a) 5:00 pm Eastern Standard Time on the Offering Expiration Date, or such later date as the Company may in its discretion extend the offering, or (b) the sale by the Company of all of the Maximum Offering Amount.

Section 4. Use of Proceeds. The Company is seeking to raise up to the Maximum Offering Amount from the sale of the Class B Shares and issuance of the secured promissory notes in accordance with the terms of this Offering; however, the Company shall have the discretion to proceed with the closing of this Offering or return all funds received from the Purchasers if less than the Maximum Offering Amount is raised. The Purchaser understands that the aggregate subscription proceeds in this Offering are to be used (i) to acquire 100% of the Class B Shares, (ii) to make the Loans to the Company, (iii) to reimburse the Company or its

affiliates for out-of-pocket expenses incurred or other amounts advanced with respect to the organization of the Company, and (iv) to pay the expenses of this Offering. Funds received by the Company, including the proceeds of the Loans, shall be used to acquire limited liability company interests in Donec 1. The Company may change the amount and timing of the expenditure of uncommitted funds depending on numerous factors. The Company's management will have a broad discretion as to the allocation of the net proceeds of this Offering.

Section 5. The Company. The Purchaser acknowledges that it has been provided with an opportunity to ask any questions and to conduct any other investigations the Purchaser desires about the Company and its business. The Purchaser acknowledges that it has received and reviewed the exhibits attached hereto, any other information the Purchaser has requested and has been further advised of the following summary:

(a) Incorporation by Reference. The documents set forth as Exhibit A – form of Secured Promissory Note and Exhibit B – Operating Agreement of Donec 1, hereto are incorporated herein and made a part hereof by this reference.

(b) Corporate Information. The Company's business address is c/o The Element Office 2035 Memorial Dr SE, Atlanta, GA 30317, United States

(c) Background. The Company was incorporated as a corporation under the laws of the State of Delaware on August 23rd, 2016. The initial directors of the Company are Federico Grillo and Mark Leaphart, who are the managers of Donec 1 and Donec 2 and are also controlling members of the principals of, and are managers of, the Manager. The initial officers of the Company are Federico Grillo as Treasurer and Secretary and Mark Leaphart as President.

Section 6. Structure of Investment. Twenty percent (20%) of the aggregate subscription proceeds in the Offering will be used to acquire 100% of the Class B Shares of the Company. All of the Class B Shares shall represent approximately 95% of the value of the Company. The Manager will hold all of the Class A Shares. In addition, eighty percent (80%) of the aggregate subscription proceeds will be used to make the Loans. All funds received by the Company, including the proceeds of the Loans, shall be used to acquire limited liability company interests in Donec 1.

Section 7. The Company.

(a) The Company is authorized to issue 10,000 Class B Shares. All of the Class B Shares shall represent approximately 95% of the total equity capital of the Company. The Class A Shares and Class B Shares will have equal rights to receive dividends when, as and if declared by the Board of Directors (as defined below). Except as otherwise required by the Delaware General Corporation Law, the Purchasers, as the holders of Class B Shares, shall have no right to vote on any matter to be voted on by the stockholders of the Company. The Manager will be the sole holder of all of the Class A Shares (representing an approximate 5% economic interest in the common stock of the Company) and, as a result, will control the management and affairs of the Company.

(b) The Company shall be managed by a board of directors (the "Board of Directors") which shall be elected by the Manager, as the sole holder of the Class A Shares. The initial Board of Directors will be composed of two members. Members of the Board of Directors may be removed or new members added only upon the affirmative vote of the holder of the Class A Shares.

(c) The Company intends to declare and distribute periodic dividends to its stockholders, including the Purchasers, in the amount of distributions it receives from Donec 1, less amounts necessary to pay any operating expenses of the Company as well as a reasonable reserve for anticipated expenses, until such time as all interest on and principal of the Loans made by the Purchasers to the Company has been paid in full. Thereafter, the amount and timing of dividends by the Company will be at the discretion of the Board of Directors, until such time as the Company is liquidated.

(d) The Company may, at the sole discretion of the Board of Directors, furnish to the Purchasers (i) copies of any reports and financial statements provided by Donec 1 and/or Donec 2 to the Company and (ii) copies of any audited or unaudited financials of the Company.

Section 8. The Loans.

(a) Eighty percent (80%) of the aggregate subscription proceeds shall be used to make the Loans to the Company. The Loans shall be evidenced by five-year secured promissory notes (the "Notes") to be executed by the Company in favor of each Purchaser. The proceeds of the Loans shall be used by the Company to purchase limited liability company membership interests in Donec 1.

(b) The principal balance of the Notes shall accrue interest at the per annum rate of 10% payable as follows: (i) interest at the rate of 7.75% per annum shall accrue on the principal balance, and such accrued interest shall be due and payable quarterly and additional interest at the rate of 2.25% per annum shall accrue, semi-annually, on the principal balance, and such accrued interest shall be due and payable on the maturity date of the Notes for the first year; (ii) interest at the rate of 8.25% per annum shall accrue on the principal balance, and such accrued interest shall be due and payable quarterly and additional interest at the rate of 1.75% per annum shall accrue, semi-annually, on the principal balance, and such accrued interest shall be due and payable on the maturity date of the Notes for the second year; (iii) interest at the rate of 8.75% per annum shall accrue on the principal balance, and such accrued interest shall be due and payable quarterly and additional interest at the rate of 1.25% per annum shall accrue, semi-annually, on the principal balance, and such accrued interest shall be due and payable on the maturity date of the Notes for the third year; (iv) interest at the rate of 9.25% per annum shall accrue on the principal balance, and such accrued interest shall be due and payable quarterly and additional interest at the rate of 0.75% per annum shall accrue, semi-annually, on the principal balance, and such accrued interest shall be due and payable on the maturity date of the Notes for the fourth year; and (v) interest at the rate of 9.75% per annum shall accrue on the principal balance, and such accrued interest shall be due and payable quarterly and additional interest at

the rate of 0.25% per annum shall accrue, semi-annually, on the principal balance, and such accrued interest shall be due and payable on the maturity date of the Notes for the fifth year. Interest only payments shall be made by the Company in accordance with the payment schedule above (but may be made earlier in the year as they accrue, at the discretion of the Company). The principal balance of the Notes, along with any accrued but unpaid interest, shall be due at maturity.

(c) The obligations of the Company under the Loans shall be secured by a pledge of certain of the Company's right, title and interest in its limited liability membership interests in Donec 1. In addition, the security interest will be subject to a standstill escrow agreement (substantially in the form of the Escrow Agreement attached hereto as Exhibit C) whereby the certificates representing the pledged limited liability company interests of Donec 1 shall be held in escrow by a designated escrow agent, and shall be released only upon: (a) written agreement of both the Company and the lender under the Loans, (b) escrow agent's receipt of the original Note, marked "Paid in Full", or (c) issuance of a final, non-appealable order of a court of competent jurisdiction directing how the certificates representing the pledged limited liability company interests shall be released. The foregoing description of the standstill escrow agreement is qualified in its entirety to the full text of the form of Escrow Agreement attached as Exhibit C hereto.

(d) The Company will have the right to prepay all or any portion of the Loans, without being subject to a prepayment penalty.

The foregoing description of the Loans is qualified in its entirety to the full text of the form of Secured Promissory Note attached as Exhibit A hereto.

Section 9. Donec 1.

(a) Generally. The sole purpose of the Company will be to make an investment in the limited liability company membership interests of Donec 1. The Company will be a record and beneficial holder of the limited liability company membership interests and will be admitted to Donec 1 as a member in accordance with the terms of the Operating Agreement of Donec 1. The net proceeds of this Offering will be used by the Company to make its initial capital contribution to Donec 1.

(b) Operating Agreement of Donec 1. The Company's investment in Donec 1 will be governed by and operated pursuant to the terms of an Operating Agreement, a copy of which is attached as Exhibit B hereto (the "Operating Agreement"). Upon the Company's admittance to Donec 1 as a member, the Company shall be required to execute a joinder to the Operating Agreement agreeing to be bound by the terms thereof. Capitalized terms used in this Section, and not otherwise defined herein, are as defined in the Operating Agreement. The Operating Agreement sets forth the rights and obligations of the Manager and each of the members of Donec 1 and provides, among other things, as follows:

(i) Capital Contributions to Donec 1. A capital account will be established by Donec 1 for each member. The aggregate amount invested for the purchase of the Class B Shares and the amounts of the Loans made pursuant hereto will be used by the Company to acquire the limited liability company membership interests in Donec 1 and such aggregate investment will be the Company's initial capital contribution in Donec 1 and will be reflected in its capital account. Capital accounts will be adjusted from time to time by the Manager to reflect any additional capital contributions, distributions made to the members and other adjustments.

(ii) Distributable cash flow, if any, shall be distributed among the members and the Manager, in accordance with the priority set forth below, not later than the 75th day after the end of the taxable year and only after payment of operating expenses and current debt service due). Once such current debt service has been satisfied and any reserves have been set aside in the discretion of the managers, the managers shall distribute net cash flow accordingly::

(A) If all Tax Distributions have been made in full, Available Cash from Operations, if any, shall be distributed among the members (other than the Manager), in proportion to their respective Percentage Interests. As further set forth in the definition of "Available Cash from Operations", in the Donec 1 Operating Agreement, the determination of Available Cash from Operations shall take into account: (i) all operating expenses and other cash expenditures of the Company incurred in the ordinary course of business, and (ii) such reserves for operating expenses, debt service (including for payments of principal and interest whether currently due or otherwise), and other actual or contingent obligations and liabilities of Donec 1 as the Board of Managers may determine are necessary or advisable. For avoidance of doubt, all operating expenses, cash expenditures, and reserves therefor shall include any and all repairs, renovations, and replacements to any Company Asset and any other operating expenses, cash expenditures, and reserves therefor, in each case as determined by and in the sole discretion of the Board of Managers any and all operating expenses. Accordingly, the distributions Available Cash from Operations shall be made of the net cash available after taking into account the items listed in the preceding sentence.

(B) Distributions of Available Cash from Capital Transactions. If all Tax Distributions have been made in full, Donec 1 shall make distributions up to the amount of the undistributed Available Cash from Capital Transactions in the following order of priority:

(1) First, to the members, in proportion to their respective Percentage Interests, to the extent of their Unreturned Capital Contributions;

(2) Thereafter: (i) to the Manager in an amount equal to 20% of the net gain from the sale or disposition of any capital asset held by Donec 1, which shall be determined by subtracting from the gain realized on the sale of any capital asset held by Donec 1 any and all costs and expenses attributable to such sale or disposition including, but not limited to, closing costs, attorney fees, property improvements and repairs, and real estate commissions; and (ii) the remainder to the Members (other than the Manager), in proportion to their respective Percentage Interests.

As further set forth in the Donec 1 Operating Agreement, the determination of Available Cash from Capital Transactions shall take into account any and all amounts that the Board of Managers determines are necessary to be retained by Donec 1 (a) to satisfy any debt or other obligation of the Company and (b) to establish reasonable reserves for actual or contingent obligations of the Company that are attributable to the asset(s) that are the subject of the Capital Transaction. Accordingly, the distributions Available Cash from Operations shall be made of the net cash available after taking into account the items listed in the preceding sentence.

(iii) Management of Donec 1. The managers shall be responsible for the management of Donec 1's operations including, through its ownership of Donec 2, the acquisition, procurement of financing, rental, maintenance, management and sale of the Project. The managers are entitled to reimbursement for expenses incurred on behalf of Donec 1. In addition, the Manager (or its affiliates) will be entitled to receive, pursuant to the Management Services Agreement, the following fees: (A) an acquisition fee equal to three percent (3%) of (i) the gross purchase price for the Project and (ii) any expenditures for rehabilitation of the Project (gross purchase price plus rehabilitation expenditures being the "Capital Investment"), which fee shall be paid upon the closing date of the acquisition of the Project or, with respect to fees on any rehabilitation expenditures, at the end of any fiscal quarter during which such expenditures occurred; and (B) an annual asset management fee equal to 1.2% of the amount of the Capital Investment in the Project which shall be payable on a quarterly basis (in its discretion, the Manager may charge less than 1.2% or defer such annual asset management fee in which case the shortfall amount shall accrue and shall be paid to the Manager at such time as the distributions required by Section 4.1 of the Operating Agreement have been satisfied or at such other time as the Manager may determine in its sole discretion). In addition to the foregoing, Donec 1 may engage and pay fees to the Manager, any Member or any Affiliate thereof for services rendered or goods provided to Donec 1 to the extent that the fees paid to such persons or entities do not exceed the prevailing market rates for fees that would be payable to an independent responsible third party that is willing to perform such services or provide such goods. Such fees may include, without limitation, property management fees, financing procurement fees, lease negotiation fees, disposition fees and construction management fees.

The foregoing description of the Operating Agreement is qualified in its entirety to the full text of the Operating Agreement for Donec 1 attached as Exhibit B hereto, and any undefined capitalized terms in the forgoing description shall have the same meaning as in the Operating Agreement for Donec 1

(c) Business of Donec 1. Donec 1 will be a member and holder of all of the limited liability company membership interests of Donec 2 , which is a single purpose entity that will acquire the Project. Manager is the holder of a 20% profits only membership interest in Donec 1.

Donec 2 will be governed by and operated pursuant to the terms of its operating agreement (the "Donec 2 Operating Agreement"). Pursuant to the Donec 2 Operating Agreement, Donec 2 will be managed by Federico Grillo and Mark Leaphart and distributions of available cash will be made to the members annually, on a pro-rata basis, in accordance with their respective percentage interests.

The Manager expects the term of Donec 1 to be five (5) years. The Manager will use its commercial best efforts to market and sell the Project during this term. However, based on market conditions and other factors which may affect the marketability of the Project, the term may need to be extended for up to one additional year. Accordingly, if the Project has not been sold at the end of the six-year term, the Members by a majority vote of the Interests shall determine whether to further extend the term of Donec 1 or explore other alternatives.

Section 10. Representations, Warranties and Agreements of the Purchaser.

(a) Suitability. The Purchaser has read carefully and understands this Agreement and has consulted and obtained the advice of its own investors, officers, directors, employees, attorneys, accountants, investment advisers, and other consultants (the "Purchaser Representatives") with respect to the investment in the Class B Shares contemplated hereby and its suitability for the Purchaser. The Purchaser represents and warrants that its investment in the Class B Shares is suitable for it and that its overall commitment to investments which are not readily marketable is not disproportionate to its net worth, and its investment in the Class B Shares will not cause such overall commitment to become excessive. Any specific acknowledgment set forth below with respect to any statement contained herein shall not be deemed to limit the generality of the representations and warranties contained in this Section 10 (a). The Purchaser understands that the representations, warranties, covenants and agreements of the Purchaser contained in this Agreement are being relied upon by the Company in determining the Purchaser's suitability as a purchaser of the Class B Shares.

(b) Purchase for Investment. The Purchaser understands and acknowledges that the sale of the Class B Shares is being made pursuant to an exemption from the registration requirements of the Securities Act in reliance on Section 4(2) and Regulation S promulgated thereunder. The Purchaser is purchasing the Class B Shares for its own account, for investment purposes only, and not as a nominee or agent for the benefit of any other person and without a view towards resale or distribution thereof, in whole or in part. By executing this Agreement, the Purchaser further represents that he or it does not have any present intent of making a transfer of, granting a participation in, or otherwise distributing or selling the Class B Shares in a manner contrary to the Securities Act or the securities laws of any other applicable jurisdictions, nor does the Purchaser have any contract, undertaking, agreement, or arrangement with any person to transfer, grant any participation in, or otherwise distribute any of the Class B Shares to such person.

(c) Restrictions on Transfer. The Purchaser acknowledges that there is currently no public market for the Class B Shares and that the Company has no current plans to pursue an initial public offering of the Class B Shares. The Purchaser understands that the Class B Shares are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Class B Shares have not been and will not be registered under the Securities Act, and, if in the future the Purchaser decides to offer, resell, pledge or otherwise transfer the Class B Shares, such Class B Shares may be offered, resold, pledged or otherwise transferred only pursuant to an exemption from the registration requirements of the Securities Act, and in each case in accordance with any applicable securities laws of any state of the United States. Accordingly, the undersigned therefore may be precluded from selling or otherwise transferring or disposing the Class B Shares or any portion thereof for an indefinite period of time or at any particular time and may therefore have to bear the economic risk of investment in the Class B Shares for an indefinite period of time. The Purchaser agrees that if any transfer of its Class B Shares or any interest therein is proposed to be made, as a condition precedent to any such transfer, the transferor may be required to deliver to the Company an opinion of counsel satisfactory to the Company, in its sole discretion.

The Purchaser understands that the certificates representing the Class B Shares will bear restrictive legends to the following effect:

> THE SECURITIES REPRESENTED BY THIS DOCUMENT HAVE NOT BEEN REGISTERED UNDER ANY SECURITIES LAWS AND THE TRANSFERABILITY OF SUCH SECURITIES IS RESTRICTED. SUCH SECURITIES MAY NOT BE SOLD, ASSIGNED, OR TRANSFERRED, NOR WILL ANY ASSIGNEE, VENDEE, TRANSFEREE, OR ENDORSEE THEREOF BE RECOGNIZED AS HAVING ACQUIRED ANY SUCH SECURITIES BY THE ISSUER FOR ANY PURPOSES, UNLESS (1) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, WITH RESPECT TO SUCH SECURITIES SHALL THEN BE IN EFFECT AND SUCH TRANSFER HAS BEEN QUALIFIED UNDER ALL APPLICABLE STATE SECURITIES LAWS, (2) SUCH TRANSFER IS MADE IN ACCORDANCE WITH THE PROVISIONS OF THE SECURITIES ACT, INCLUDING REGULATION S OR (3) THE AVAILABILITY OF AN EXEMPTION FROM SUCH REGISTRATION AND QUALIFICATION SHALL BE ESTABLISHED TO THE SATISFACTION OF COUNSEL TO THE COMPANY.

(d) Foreign Investor Status.

(i) The Purchaser hereby certifies that it is not, and will not be at any time prior to the sale of the Class B Shares to it be, a U.S. Person and that it is not acquiring the Class B Shares for the account or benefit of any U.S. Person. For the purposes of this Agreement, a "U.S. Person" means: (A) any natural person resident of the United States; (B) any partnership or corporation organized or incorporated under the laws of the United States; (C) any estate of which any executor or administrator is a U.S. Person; (D) any trust of which any trustee is a U.S. Person; (E) any agency or branch of a foreign entity located in the United States; (F) any non-discretionary account or similar account (other than an estate or trust) held by any dealer or other fiduciary for the benefit or account of a U.S. Person; (G) any non-discretionary account or similar account (other than an estate or trust) organized, incorporated, or (if an individual) resident in the United States; and (H) any partnership or corporation organized and incorporated under the laws of any foreign jurisdiction which was formed by U.S. Persons 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 such term is defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts. The Purchaser has no present intention of becoming a U.S. Person, and will not become a U.S. Person during the period of time that the Purchaser owns the Class B Shares.

(ii) The Purchaser has been advised and understands that the Company is relying on, among others, the exemption from Securities Act registration provided in Regulation S promulgated under the Securities Act for offshore transactions ("Regulation S")

and, because of the Company's reliance on Regulation S, the Purchaser further agrees that the Class B Shares shall not be offered or sold in the United States or to U.S. Persons unless the Class B Shares are (A) registered under the Securities Act, (B) offered, resold, pledged or otherwise transferred in accordance with the provisions of the Securities Act, including Regulation S, or (C) offered, resold, pledged or otherwise transferred pursuant to another available exemption from the registration requirements of the Securities Act. The Purchaser understands that any offer, sale, pledge or other transfer not made in accordance with this Section shall be null and void and will not be recognized by, or registered on, the transfer books of the Company.

(e) Knowledge and Experience. The Purchaser currently has and, the Purchaser had, immediately prior to any receipt of any offer regarding the Class B Shares, such knowledge and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the Class B Shares.

(f) Opportunity to Verify Information. During the course of this transaction and prior to the purchase of the Class B Shares, the Purchaser and each Purchaser Representative has been furnished with any and all materials relating to the Company, Donec 1, Donec 2 and the offering of the Class B Shares requested by the Purchaser or such Purchaser Representative and has been afforded the opportunity to ask questions of the Company, Donec 1 and Donec 2 concerning the terms and conditions of the offering of the Class B Shares and the business of Donec 1 and Donec 2, and all such questions have been answered to the full satisfaction of the Purchaser or such Purchaser Representative. The Purchaser and each Purchaser Representative has also had the opportunity to obtain any additional information necessary to verify the information contained herein or to further describe the proposed activities of the Company, Donec 1 and Donec 2. The Purchaser further represents that, in connection with its decision to purchase the Class B Shares, the Purchaser has not relied on any statement or representation of the Company, Donec 1, Donec 2, the Manager or any of their respective affiliates, attorneys, agents or other representatives, except as specifically set forth or referenced in this Agreement. It is understood by the Purchaser that information and explanations relating to the terms and conditions of the Class B Shares provided herein shall not be considered investment advice or a recommendation to purchase the Class B Shares, and that neither the Company, Donec 1, Donec 1, the Manager, nor any of their respective affiliates, attorneys, agents or other representatives is acting or has acted as an advisor to the Purchaser in deciding to invest in the Class B Shares. The Purchaser further confirms that neither the Company, Donec 1, Donec 2 nor the Manager has given any guarantee or representation as to the potential success, return, effect or benefit of an investment in the Class B Shares.

(g) Merits and Risks of an Investment in the Class B Shares. The Purchaser has been furnished with and has carefully reviewed this Agreement including, without limitation, the section entitled "Risk Factors," and has not relied, in making an investment in the Class B Shares, on any other materials or other information whatsoever furnished by or on behalf of the Company, Donec 1 or Donec 2. The Purchaser has examined or has had an opportunity to examine, prior to the date hereof, such other information as it deems necessary to evaluate and understand the merits and risks of an investment in the Class B Shares. The Purchaser understands and acknowledges that: (i) the Company has recently been organized and therefore

has no meaningful financial or operating history; (ii) an investment in the Class B Shares involves significant risks, including without limitation substantial risk of loss of investment, lack of liquidity and substantial restrictions on the transferability of the Class B Shares; (iii) neither the United States Securities and Exchange Commission (the "Commission") nor any federal, state or foreign agency has passed upon the Class B Shares or made any finding or determination as to the fairness of an investment in the Class B Shares or the accuracy or adequacy of the disclosures made by the Company; and (iv) the Purchaser is not entitled to cancel, terminate or revoke this Agreement or any of the powers conferred herein.

(h) Anti-money Laundering, Etc. The Purchaser represents and warrants that the amounts contributed by the Purchaser to the Company for the purchase of the Class B Shares or the making of the Loan were not and are not directly or indirectly derived from activities that may contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations. The Purchaser acknowledges that due to anti-terrorism and anti-money laundering regulations, the Company, Donec 1, Donec 2, the Manager and/or any director, officer, employee or agent acting on behalf of the Company, Donec 1 or Donec 2 may require further documentation verifying the Purchaser's identity and the source of funds used to purchase the Class B Shares subscribed for hereby before this Agreement can be processed or accepted. The Purchaser further agrees to provide the Company at any time prior to and during the term of the Purchaser's investment in the Company with such information or certification as the Company determines to be reasonably necessary or appropriate to verify compliance with the anti-terrorism and anti-money laundering regulations of any applicable jurisdiction or to respond to requests for information concerning the identity of the Purchaser or any person directly or indirectly controlling or owning an interest in the Purchaser (excluding beneficiaries of the Purchaser) from any governmental authority, self-regulatory organization or financial institution in connection with the Company's compliance procedures with respect to anti-terrorism and anti-money laundering regulations and to update such information as necessary. The Purchaser acknowledges that the Company intends to maintain records of information used for verification of identity. The Purchaser certifies that (i) the information set forth on the signature pages attached to this Agreement and (ii) any other information provided to the Company by the Purchaser concerning the identity of the Purchaser is true and correct. In addition, the Purchaser certifies that neither the Purchaser nor any person directly or indirectly controlling or owning any interest in the Purchaser is identified as a specially designated national or blocked person or affiliated with any such person, entity or organization on any list maintained by governmental authorities relating to anti-terrorism or anti-money laundering, including but not limited to lists maintained by the United States Treasury Department's Office of Foreign Asset Control.

(i) No General Solicitation or Advertising. The Purchaser confirms that the Class B Shares were not offered to the Purchaser by any means of general solicitation or general advertising.

(j) Address of Purchaser. The Purchaser represents and confirms that the address set forth on the signature page is true and correct, and that the Purchaser has no present intention of becoming a resident of any other state or jurisdiction.

The Purchaser acknowledges and understands that the representations, warranties, and covenants contained in this Agreement are being furnished, in part, and will be relied on by the

Company in determining whether this Offering of the Class B Shares is exempt from registration under the Securities Act and the securities laws of all other applicable jurisdictions and, accordingly, confirms that all such statements contained herein are true, complete, and accurate as of the date hereof, and shall be true, accurate, and complete as of the date that this Agreement is accepted, and shall survive such acceptance. If any events occur or circumstances exist prior to the issuance of the Class B Shares to the Purchaser which would make any of the representations, warranties, agreements, or other information set forth herein untrue or inaccurate, the Purchaser agrees to immediately notify the Company in writing of such fact specifying which representations, warranties, or covenants are not true, correct, or accurate, and the reasons therefor.

Section 11. Representations and Warranties of the Company.

(a) Organizational Status; Authorization. The Company is a corporation, duly incorporated, validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite corporate power and authority to own its assets and to carry on its business as presently conducted. The Company has full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. The execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action, and this Agreement constitutes the legal, valid and binding obligation of the Company enforceable in accordance with its terms. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby requires the approval or consent of any third party.

(b) No Conflict. The execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement will not conflict with, or constitute or result in a breach, default or violation of (i) the organizational documents of the Company; (ii) any law, ordinance, regulation or rule applicable to the Company; or (iii) any order, judgment, injunction or other decree by which the Company is bound.

(c) Litigation. There is no claim, action, demand, suit, lawsuit, proceeding, arbitration, grievance, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, regulatory, or otherwise, in law or in equity, pending or threatened against the Company in any court or before any governmental or regulatory authority and the Company does not know or has reason to be aware of any basis for the same.

(d) Compliance with Applicable Law. The Company has complied with all laws, statutes, rules, regulations, judgments, decrees and orders applicable to its business, and the Company has not received any written notice alleging any such conflict, violation, breach or default.

Section 12. Information Regarding Forward-Looking Statements. This Agreement and other information, if any, provided to the Purchaser by the Company, contains forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different

from any future results, performances or achievements express or implied by the forward-looking statement. Forward-looking statements relate to matters which include, but are not limited to:

- the ability of the Company, Donec 1 and Donec 2 to implement their business strategies;
- the ability of the Company, Donec 1 and Donec 2 to operate and expand their businesses;
- the capabilities of the Company, Donec 1 and Donec 2; and
- the impact of competitors, the current circumstances in the industry in which the Company, Donec 1 and Donec 2 operate and general economic factors.

All statements other than statements of historical fact are "forward-looking statements," including any projections of earnings, revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements regarding future economic conditions or performance and any statement of assumptions underlying any of the foregoing. Some forward-looking statements may be identified by the use of such terms as "expects," "will," "anticipates," "estimates," "believes," "plans" and words of similar meaning. These forward-looking statements relate to business plans, programs, trends, results of future operations, satisfaction of future cash requirements, funding of future growth, acquisition plans and other matters. In light of the risks and uncertainties inherent in all such projected matters, the inclusion of forward-looking statements in this Agreement should not be regarded as a representation by the Company or any other Person that the Company's objectives or plans will be achieved or that the Company's operating expectations will be realized. Actual results could differ from those projected in any forward-looking statements.

These forward-looking statements reflect the Company's current views with respect to future events and are based on assumptions and subject to risks and uncertainties, not all of which may be specifically delineated or recognized. Although management believes that the expectations reflected in any forward-looking statements are reasonable, the Company does not guarantee future results, events, levels of activity, results of operations, or achievements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. For a discussion of these factors and others, please see "Risk Factors" below. All forward-looking statements attributable to the Company are expressly qualified in their entirety by such language, and the Company is not obligated, and does not intend, to update any forward-looking statements at any time unless an update is required by applicable securities laws. Also, these forward-looking statements represent the Company's estimates and assumptions only as of the date of this Agreement and should not be relied upon in making an investment in the Company.

The projections included in the exhibits to this Agreement were prepared by the Company's management based upon their knowledge and analysis of Donec 1 and Donec 2's business. Projected financial information set forth in the exhibits to this Agreement necessarily

reflects numerous assumptions with respect to general business and economic conditions and other matters, some of which are set forth in this Agreement, and many of which are inherently uncertain or beyond the control of the Company, Donec 1 and Donec 2 . It is not possible to predict whether the assumptions made in preparing the projected financial information will be valid, and actual results may prove to be materially higher or lower than those contained in the projections. The inclusion of this information should not be regarded as an indication that the Company, Donec 1 or Donec 2 , the Manager, or anyone else who prepared this information considered it a reliable predictor of future events, and this information should not be relied on as such. The projections are subject to considerable risks and uncertainties that can cause future results to vary from expectations. Projections are based on current information and assumptions, and are subject to change as conditions develop. None of the Company, Donec 1, Donec 2 , the Manager or any of their respective representatives makes any representations regarding any projections.

Section 13. **U.S. Federal Income Tax Considerations. Prospective Purchasers should consult their own tax advisors as to the particular tax consequences to that Purchaser of acquiring, holding, and disposing of Shares and of making a loan to a U.S. Company, including the applicability and effect of any U.S., state, local, or foreign tax laws and recent changes in applicable tax laws.**

Federal Income Tax Aspects

The following discussion generally summarizes the material U.S. federal income tax consequences of the purchase, ownership, and disposition of Shares and the making of loans by Non-U.S. Shareholders (as defined below) and is based upon the existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable U.S. Department of Treasury regulations ("Treasury Regulations") thereunder, current administrative rulings and procedures and applicable judicial decisions, all in effect as of the date of this Agreement and all of which are subject to change, possibly with retroactive effect. However, it is not intended to be a complete description of all tax consequences to the Company or the prospective Purchasers with respect to their investment in, or loan to, the Company. No ruling has been or will be sought from the Internal Revenue Service ("IRS") regarding any matter discussed herein. No assurance can be given that the IRS will agree with the interpretation of the current federal income tax laws and regulations summarized below. This discussion does not address any U.S. state, local, or non-U.S. tax considerations of acquiring Shares in the Company or making a loan to the Company. Finally, the U.S. federal, state, local, and foreign income tax consequences of an investment in Shares, and loans made to the Company, by non-U.S. persons, including the character and timing of income, applicable tax rates, and deductibility of expenses and losses are very complex and their impact may vary depending on each Shareholder's particular facts and circumstances.

For purposes of this discussion, a "U.S. person" means a participating shareholder/lender that is one of the following: (i) an individual who is a citizen or resident of the United States; (ii) a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or a political subdivision thereof; (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source; (iv) a trust, if a U.S. court can exercise primary supervision over the administration of the trust and one or more U.S. persons can control

all substantial trust decisions, or, if the trust was in existence on August 20, 1996, and has elected to continue to be treated as a U.S. person; or (v) a person whose worldwide income or gain is otherwise subject to U.S. federal income tax on a net income basis. A "foreign person" means any person that is not a U.S. person. "Non-U.S. Shareholder" means any participating shareholder/lender that is a foreign person.

PROSPECTIVE INVESTORS ARE STRONGLY ENCOURAGED TO SATISFY THEMSELVES REGARDING THE POTENTIAL FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF INVESTING IN THE COMPANY AND ARE URGED TO CONSULT THEIR OWN TAX ADVISORS IN CONNECTION WITH THE ACQUISITION OF ANY INTERESTS IN THE COMPANY. EACH PROSPECTIVE INVESTOR SHOULD SEEK, AND RELY UPON, THE ADVICE OF THEIR OWN TAX ADVISORS IN EVALUATING THE SUITABILITY OF AN INVESTMENT IN AND LOAN TO THE COMPANY IN LIGHT OF THEIR PARTICULAR FACTS AND CIRCUMSTANCES AND INVESTMENT, LOAN, AND TAX GOALS.

U.S. Federal Income Taxation of the Non-U.S. Shareholders

A foreign person is subject to taxation in the United States to the extent such person has (a) gross income that is effectively connected with the conduct of a trade or business within the United States, or (b) gross income from sources within the United States that is not effectively connected with the conduct of a trade or business within the United States.

Income that is effectively connected with the conduct of a trade or business within the United States

Foreign persons are generally subject to U.S. federal income taxation at the same graduated rates as U.S. persons with respect to net income that is effectively connected to a U.S. trade or business.

A foreign person is generally not considered to be engaged in a trade or business within the United States simply by owning shares in a corporation that does engage in such trade or business. Therefore, even if the Company were engaged in a trade or business within the United States, the Non-U.S. Shareholders would not be engaged in trade or business within the United States simply as a result of being shareholders. Therefore, the Non-U.S. Shareholders should not be engaged in a U.S. trade or business as a result of their investment in the Company.

If a foreign person is engaged in a U.S. trade or business during the taxable year and has income effectively connected with such U.S. trade or business, the foreign person will be taxed at the same graduated rates as domestic corporations with respect to net income that is effectively connected to that U.S. trade or business.

The Code itself does not provide a precise definition of the phrase "trade or business," but the phrase has been defined through case law. The courts have held that active investment in corporate securities does not constitute a trade or business. Lending (loan origination), on the other hand, is generally considered a trade or business. The Code does not address what level of lending constitutes a trade or business; however, case law and applicable IRS guidance generally conclude that a single loan made by persons who do not hold themselves out to the public as lenders does not constitute the trade or business of lending.

Moreover, as stated, ownership of Shares in the Company by Non-U.S. Shareholders does not result in those Non-U.S. Shareholders being treated as conducting a trade or business in the U.S.

Based on the foregoing, the Non-U.S. Shareholders should not be considered to be engaged in a U.S. trade or business as a result of their investment or loan activities. The Non-U.S. Shareholders are holding stock in, and debt of, the Company, which may distribute dividends and make interest payments to the Non-U.S. Shareholders. Since merely holding (or "investing" in) stock and debt instruments is a much lower threshold of activity than actively trading in stocks or debt instruments, the Non-U.S. Shareholders should not be considered to be engaged in a U.S. trade or business. In addition, the Company believes that the single loan made to the Company should not constitute a trade or business.

Foreign persons that do not have income that is effectively connected to a U.S. trade or business may still be subject to U.S. federal income tax on all U.S. sourced passive-type income that is not effectively connected to a U.S. trade or business. Such income includes certain dividend distributions.

Distributions to the Non-U.S. Shareholders

A foreign person is subject to U.S. federal income taxation in the form of a 30% withholding tax at the source (or lower rates under an applicable income tax treaty between the United States and the beneficial owner's country of residence) on all U.S. sourced passive-type income (including dividends and interest) that is not effectively connected to a U.S. trade or business. Non-U.S. Shareholders are expected to earn income from the Company either by way of dividends, interest payments, or by the sale of Shares. Dividends and interest paid by corporations that are U.S. persons are generally U.S. source income.

Foreign persons that receive dividend distributions from U.S. corporations are generally subject to U.S. federal income taxation in the form of a 30% withholding tax at the source (or lower rates under an applicable income tax treaty between the United States and the beneficial owner's country of residence). The Non-U.S. Shareholders may receive dividend distributions from the Company. Since the Company is a U.S. corporation, any dividend distributions that it makes to the Non-U.S. Shareholders will be U.S. sourced income and will be subject to U.S. withholding tax. If the Company distributes all of its assets in complete liquidation, including any proceeds from distributions by Donec 1 or the disposition of its interests in Donec 1, and provided that the Company is not a USRPHC (as defined below) at the time of the liquidation, the distribution will be treated as capital gain on a non-USRPHC realized by the Non-U.S. Shareholders upon a disposition of their shares of the Company, and, as such, should not be subject to U.S. federal income taxation (see discussion below). A corporation will realize gain or loss on any assets distributed in complete liquidation to the extent such liquidating distribution is not to a shareholder that owns stock representing at least 80% of the total voting power and 80% of the total value of the liquidating corporation (an "80% shareholder"). Thus, if the Company were to distribute, in complete liquidation, any assets other than cash, the Company would realize gain or loss on such assets as if it sold such assets for fair market value, to the extent not distributed to an 80% shareholder.

Disposition by Non-U.S. Shareholders of the Shares

A foreign person who realizes gain from the disposition of personal property (such as shares in a corporation) that is not a United States real property interest (as defined below) is not subject to U.S. federal income taxation on the gain, if any, from such disposition. The Company is a U.S. real property interest, however, because it is a USRPHC (as defined below); therefore, any gain from the disposition (including disposition in liquidation if the Company still holds U.S. real property interests at the time of the liquidation) of Shares by the Non-U.S. Shareholders should be subject to U.S. federal income tax.

A non-U.S. person that sells or otherwise disposes of a "United States real property interest", as defined in the Code (generally, real property located in the United States), will generally be subject U.S. federal income tax on the gain from such sale as if such person had

income effectively connected with a U.S. trade or business. A United States real property interest includes an interest in a U.S. corporation if the fair market value of such corporation's United States real property interests equals or exceeds 50% of the fair market value of: (i) its United States real property interests; (ii) its interests in real property located outside the United States; and (iii) all other of its assets used or held for use in a trade or business (such corporation being a "U.S. real property holding corporation" or "USRPHC"). For these purposes assets held by a partnership are treated as held proportionately by such partnership's partners. Thus, the Company should be a USRPHC since its only asset is interests in Donec 1, which is a tax partnership that in turn holds all of the membership interests of Donec 2, which is a wholly owned LLC and therefore a disregarded entity, and that will only hold real estate located in the United States.

However, if the Company were to liquidate and distribute its assets after all of its interests in Donec 1, or all of Donec 1's assets (in effect, all of the underlying investments in real property located in the United Sates), have been disposed of, the Company would not hold any United States real property interests, directly or indirectly, and thus should not be a USRPHC at the time of the liquidating distribution. As a result, any gain realized by the Non-U.S. Shareholders that would result from such liquidating distribution should be treated as gain realized by a non-U.S. person from the disposition of tangible personal property that is not a United States real property interest and, as such, should be foreign sourced income and not subject to U.S. federal income taxation. If the Company were to distribute any asset other than cash in a liquidating distribution, the Company would be subject to tax (generally capital gains) on the difference between the fair market value of such asset and the Company's adjusted basis in the asset.

Taxation of Interest Income

The Non-U.S. Shareholders will receive interest payments from the Company. Foreign persons are subject to a 30% withholding tax (or lower rates under an applicable income tax treaty between the United States and the beneficial owner's country of residence) on all U.S. sourced passive-type income (including interest) that is not effectively connected to a U.S. trade or business. However, interest income attributable to a portfolio debt instrument is exempt from U.S. federal income taxation (the "portfolio interest exemption"). The portfolio interest exemption applies to: (1) interest payable outside the U.S. on bearer obligations that are designed to ensure that they are transferable only to non-U.S. persons and that bear a legend indicating there are limitations on any U.S. person holding such obligation, and (2) interest payable on an obligation that is issued in registered form and with respect to which the U.S. withholding agent (generally the issuer of the obligation) receives a prescribed statement that the beneficial owner of the obligation is not a U.S. person. The debt instruments issued by the Company to the Non-U.S. Shareholders will be registered obligations.

There are two notable exceptions to the portfolio interest exemption, neither of which is applicable to the Non-U.S. Shareholders. First, the portfolio interest exemption does not apply to interest received by any shareholder of the corporate borrower who, directly or indirectly, owns at least 10% of the total combined voting power of all classes of stock of the corporate borrower entitled to vote (a "10% shareholder"). None of the Non-U.S. Shareholders should be considered 10% shareholders of the Company because the interest held by the Non-U.S. Shareholders

consists solely of non-voting stock.

Second, the portfolio interest exemption is also unavailable for contingent interest. Interest is considered to be contingent if determined with reference to: (1) receipts, sales, or other cash flow of the debtor; (2) income or profits of the debtor; (3) change in value of any property of the debtor; or (4) any dividend or partnership distribution made by the debtor or a related person. Because the interest payments to the Non-U.S. Shareholders will be based on a fixed interest rate, the interest should be viewed as non-contingent interest.

Even if the contingent interest exclusion is inapplicable, the "debt versus equity" provisions may result in the recharacterization of interest payments as distributions relating to equity, which would not qualify for the portfolio interest exemption. The IRS may recharacterize debt instruments as stock based on the following general factors: (1) whether there is a written unconditional promise to pay on demand, or at a specified date, a sum certain along with a fixed rate of interest; (2) whether the debt is subordinate to, or has a preference over, any other indebtedness of the corporation; (3) the borrower corporation's ratio of debt to equity; (4) whether the debt is convertible to stock; and (5) whether the debt is held pro rata to equity interests.

There are several factors favoring debt treatment with respect to the Non-U.S. Shareholders' loans—(1) the loans will be made pursuant to a binding written obligation requiring repayment along with a fixed rate of interest, (2) the debt will not be convertible into stock of the borrower, the Company, and (3) the Non-U.S. Shareholders' right to repayment will not be subordinate to the rights of any general creditors of the borrower. While the Company's ratio of debt to equity may be as high as 4:1 as a result of the Non-U.S. Shareholders' loans, this debt to equity ratio is not uncommon for mezzanine loan debtors. Furthermore, the ratio is not dispositive of whether the loan will be treated as debt or equity. Considering the totality of the circumstances, the Company believes that the debt should be treated as debt rather than recharacterized as equity and will treat it as debt for all U.S. federal income tax purposes.

U.S. Federal Income Taxation of The Company

General

Although Non-U.S. Shareholders will not be subject to direct U.S. federal income taxation for income earned by the Company, taxes paid by the Company, if any, may reduce the overall return for Non-U.S. Shareholders. The Company's sole asset will be membership interests in Donec 1, a tax partnership. Donec 1's only asset is membership interests in Donec 2, which will be a disregarded entity for U.S. federal income tax purposes. .The assets of Donec 2 will be considered as held, and the income of Donec 2 will be considered a earned, directly by Donec 1 for U.S. federal income tax purposes. Donec 1 will not be subject to U.S. federal income tax on any of its income, gain, losses, deductions, and credits. Instead, the Company, in computing its U.S. federal income tax liability, will include its allocable share (as determined under the Operating Agreement) of Donec 1's items of income, gain, loss, deduction, and credit for each year during which it is a partner of Donec 1, whether or not Donec 1 or Donec 2 distribute cash or other property to the Company during the taxable year.

Deductibility of Interest Payments

"**Earnings-Stripping" Rules.** Because the Non-U.S. Shareholders will not be subject to U.S. federal income taxation with respect to the portfolio interest income, deductions for the payment of such interest may be disallowed if payment is made to the Non-U.S. Shareholders by a related party (the so called "earnings-stripping" rules). Related parties include, among others, two or more corporations that are members of the same controlled group. A controlled group is defined to include a "parent-subsidiary" controlled group or a "brother-sister" controlled group.

For purposes of this discussion, we are assuming that each non-U.S. Shareholder is a foreign corporation and that no owner of a Non-U.S. Shareholder directly or indirectly owns any interest in another Non-U.S. Shareholder. Further, we are assuming that no single owner of a Non-U.S. Shareholder is related to any single owner of another Non-U.S. Shareholder.

In order to be classified as a parent-subsidiary controlled group, a Non-U.S. Shareholder and the Company must have a common parent corporation (including the Non-U.S. Shareholder) owning (directly or through constructive ownership) more than 50% of the voting power or value of both the Non-U.S. Shareholder and the Company. Each Non-U.S. Shareholder owns, directly, indirectly, or through attribution, non-voting stock (and no voting stock) that represents less than 50% of the value of Company. Therefore, none of the Non-U.S. Shareholders and the Company form a parent-subsidiary controlled group for this purpose.

In order to be classified as a brother-sister controlled group, five or fewer individuals who are the ultimate beneficial owners of a Non-U.S. Shareholder would have to be treated as owning (directly, indirectly, or constructively) more than 50% of the voting power or value of the Company. Under the applicable constructive ownership rules, a corporation's ownership of stock will be attributed to any of its shareholders who hold 5% or more of the value of the stock in such corporation in that proportion which the value of the stock that such person owns bears to the value of all the stock in the corporation. Thus, a Non-U.S. Shareholder's ownership of the Company will be attributed to that Non-U.S. Shareholders' shareholders who hold 5% or more of the shares of that Non-U.S. Shareholder ("5% Shareholder") in proportion to the 5% Shareholder's interest in the Non-U.S. Shareholder. Since none of the Non-U.S. Shareholders own 50% or more of the value of the Company (such ownership is attributable to the 5% Shareholders) it is impossible for any five or fewer ultimate beneficial owners of any Non-U.S. Shareholder to actually or constructively own more than 50% of both the Non-U.S. Shareholder and the Company. Therefore, none of the Non-U.S. Shareholders and the Company will be members of a brother-sister controlled group.

Even if the interest payments to the Company are deemed to have been paid by a related party, the deduction will only be limited if the Company has, (1) "excess interest expense" and (2) a debt to equity ratio that exceeds 1.5 to 1 as of the close of the taxable year. The excess interest expense is the amount by which the Company's total interest expense less total interest income for the taxable year exceeds the sum of 50% of the Company's adjusted taxable income (income before interest and depreciation) plus any excess limitation carried forward from a prior tax year. "Excess limitation" is the excess of 50% of adjusted taxable income over the net expense for the taxable year. Thus, if the Company's debt to equity ratio exceeds 1.5 to 1 as of the close of the taxable year, then the amount disallowed is limited to the amount of excess

interest expense for the taxable year. Any disallowed interest expense may be carried forward to the succeeding taxable year. In the years in which the Company sells substantially all of its investments, either directly or indirectly through Donec 1 or Donec 2, both the current interest expense and any interest expense carried forward should be deductible if the total interest expense does not exceed 50% of the adjusted taxable income, including proceeds from the sale, plus any excess limitation carried forward (or if the debt to equity ratio does not exceed 1.5 to 1 as of the close of the taxable year).

AHYDO Rules. Even if the Company were not subject to the limitations on interest deductibility discussed above, interest deductions may still be limited or disallowed under the "applicable high yield discount obligation" ("AHYDO") rules. A portion of the original issue discount ("OID") of an AHYDO issued by a corporation (other than an S corporation) will be treated as a dividend distribution and will not be deductible. The remaining portion of the OID will be deductible when paid in cash. A debt instrument will bear OID if its "stated redemption price at maturity" exceeds the "issue price." The "stated redemption price at maturity" is the amount to be paid on the debt instrument and includes all interest and other payments (other than any interest based on a fixed rate and payable unconditionally at fixed and periodic intervals of one year or less during the entire term of the instrument). In the case of a debt instrument issued for money and not publicly traded, such debt instrument's "issue price" is the price paid by the first buyer of the instrument. An OID debt obligation is an AHYDO if: (1) the maturity date is more than 5 years after the issue date; (2) the yield to maturity is at least five percentage points above the Applicable Federal Rate of interest ("AFR") in effect under Code section 1274(d) for the calendar month the instrument is issued; and (3) OID on the instrument is "significant OID".

Since the loans from the Non-U.S. Shareholders to the Company each have a five year maturity, none of them are an AHYDO instrument. Therefore, the OID on such loans should not be subject to the AHYDO rules.

Deductibility of OID on Discount Obligation Held by Related Foreign Person. In addition to the "earnings stripping" and AHYDO rules discussed above, there are rules that provide that if a debt instrument that has OID is held by a related foreign person, any portion of such OID is not allowable as a deduction to the issuer until actually paid. A related foreign person is any person who is not a "U.S. person" (as defined in the Section 7701(a)(30) of the Code) and who is related to the issuer under the same rules that establish related parties for purposes of the "earnings-stripping" rules. Although the loans issued by the Company to the Non-U.S. Shareholders will have OID, the Company is not related to the Non-U.S. Shareholders, as established in the discussion above (*Federal Income Tax Aspects - U.S. Federal Income Taxation of the Company - Deductibility of Interest Payments - "Earnings-Stripping" Rules*). Therefore, the rules disallowing the deduction for OID should not apply to the Company.

Matching Rule for Interest paid to Foreign Related Person. Finally, there are rules which generally do not allow an issuer of a debt instrument, held by a non-U.S. person that is related to the issuer, to deduct interest paid on such instrument until such interest is includible in the gross income of the related foreign person (the so called "matching principle"). The "matching principle" does not apply to OID. In addition, a related foreign person is any person who is not a "U.S. person" (as defined in the Section 7701(a)(30) of the Code) and who is related to the issuer under the same rules that establish related parties for purposes of the "earnings-

stripping" rules discussed above. Although the Company is not a "U.S. person" it is not related to the Non-U.S. Shareholders, as established in the discussion above (*Federal Income Tax Aspects - U.S. Federal Income Taxation of the Company - Deductibility of Interest Payments - "Earnings-Stripping" Rules*). Therefore, the "matching principle" rules should not apply to defer the deduction of interest paid by the Company to the Non-U.S. Shareholders .

Company Reporting Requirements

Reporting requirements apply to all domestic corporations, without regard to whether the corporation is engaged in a U.S. trade or business. However, the reporting requirements for foreign persons are less stringent. A foreign person is not required to file an income tax return for any tax year unless, for that tax year, such person has: (a) gross income from sources within the United States and any tax liability for such income is not fully satisfied by withholding at the source, or (b) gross income that is effectively connected with the conduct of a trade or business within the United States. None of the Non-U.S. Shareholders' income related to their debt and equity investment in the Company should be effectively connected with the conduct of a U.S. trade or business, therefore, the Non-U.S. Shareholders should not be subject to U.S. reporting requirements unless they receive dividend payments from the Company and any tax liability on such dividends is not fully satisfied by withholding at the source (such dividend payments would be income from sources within the United States - see discussion in *U.S. Federal Income Taxation of the Non-U.S. Shareholders – Distributions to the Non-U.S. Shareholders*).

In addition, the Non-U.S. Shareholders would have to provide the Company with an appropriate Form W-8 certifying that the Non-U.S. Shareholders are the beneficial owners of any portfolio interest or any dividends paid by the Company and that the Non-U.S. Shareholders are not a U.S. person in order to prevent backup withholding with respect to any portfolio interest and dividends paid by the Company.

The Company is required to provide the Non-U.S. Shareholders with a Form 1042S disclosing any dividend or interest payments made to the Non-U.S. Shareholders. A copy of this Form is also filed by the Company with the IRS.

Finally, IRS Form 5472, *Information Return of a 25% Foreign-Owned U.S. Corporation,* is generally filed by a "25% foreign-owned U.S. corporation" that has a "reportable transaction." A 25% foreign-owned U.S. corporation is a U.S. corporation that is owned by one or more "25% foreign shareholders." A 25% foreign shareholder is any non-U.S. person who, directly or indirectly, and applying certain attribution rules, owns at least 25% of the vote or value of the U.S. corporation. A reportable transaction includes any transaction listed on IRS Form 5472 (which includes interest paid to a 25% foreign shareholder) that is between the 25% foreign-owned U.S. corporation and a 25% foreign shareholder of such corporation. The 25% foreign-owned U.S. corporation must report the amount of the reportable transaction, the name, address, country to tax resident, country of incorporation, country where business is transacted, and US tax identification number (if any) and "reference ID number" of any direct 25% foreign shareholder as well as any "ultimate indirect 25% foreign shareholder." An ultimate indirect 25% foreign shareholder is a 25% foreign shareholder whose ownership of stock of the reporting corporation is not attributed (under certain principles of the Code) to any other 25% foreign shareholder. A reference ID number is a number established by or on behalf of the reporting corporation that is assigned to 25% foreign shareholders (both direct and ultimate indirect 25% foreign shareholders) with respect to which IRS Form 5472 reporting is required. These numbers are used to uniquely identify the 25% foreign shareholder in order to keep track of such foreign person from tax year to tax year.

If a Non-U.S. Shareholder owns Class B Shares representing more than 25% of the value of the Company, the Company shall have to file IRS Form 5472 annually with respect to the interest payments made to the Non-U.S. Shareholder, and shall have to disclose the information described above with respect to the Non-U.S. shareholder. To the extent required (and based on the ownership of the Non-U.S. shareholder) information about one or more of the owners of any Non-U.S. Shareholder that are considered "ultimate indirect 25% foreign owners" of the Company may also have to be disclosed on IRS Form 5472. The Company expects that it shall have to file IRS Form 5472 annually with respect to the interest payments made to a Non-U.S. Shareholder.

IRS Form 5472 must be filed with the reporting corporation's income tax return for the tax year by the due date (including extensions) of the return. A penalty of $10,000 is assessed on any reporting corporation that fails to file IRS Form 5472 when due and in the manner prescribed. Additional penalties may apply if the failure were to continue for more than 90 days after notification by the IRS. Criminal penalties may also apply for failure to submit information or for filing false or fraudulent information.

<u>IMPORTANCE OF OBTAINING PROFESSIONAL ADVICE</u>. THE FOREGOING ANALYSIS IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING, PARTICULARLY SINCE THE INCOME TAX CONSEQUENCES OF AN INVESTMENT IN AND LOAN TO THE COMPANY ARE COMPLEX AND CERTAIN OF THESE CONSEQUENCES WOULD VARY

SIGNIFICANTLY WITH THE PARTICULAR SITUATION OF EACH PROSPECTIVE PURCHASER. ACCORDINGLY, PROSPECTIVE PURCHASERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY.

Section 14. Risk Factors. *An investment in the Class B Shares and the making of the Loans are speculative and involve a high degree of risk and should only be considered by prospective investors who have no need for liquidity in their investment. The risk factors set forth in this Agreement are not intended to be an exhaustive list of the general or specific risks involved, but to identify certain risks that the Company currently foresees. The Purchaser should carefully consider all information contained herein and should give particular consideration to such risk factors before deciding to purchase the Class B Shares offered hereby and to make the Loans. Additional risks and uncertainties that are not yet identified or that the Company currently considers to be immaterial may also materially adversely affect the Company's business and financial condition in the future. Any of the risks described herein could materially adversely affect the Company and could result in a complete loss of an investment in the Class B Shares and the Loans. This Agreement is qualified in its entirety by these risk factors.*

Risks Related to the Company's Business

We have no operating history, which makes it difficult to evaluate our prospects.

We are a newly formed business company entering into this new business. Because of this limited operating history, we have limited insight into trends that may emerge in our market and affect our business. The revenue and income potential of our business are unproven. As a result of this limited operating history, we have limited financial data that you can use to evaluate our business. You must consider our prospects in light of the risks, expenses and challenges we might encounter because we are at an early stage of development in a rapidly evolving market.

We note that the Project was acquired by, and is currently partially owned by and managed by, an affiliate of Federico Grillo and Mark Leaphart (the ultimate beneficial owners of the Manager).

We cannot predict our success.

We believe that the rapidly changing market in which Donec 2 operates makes it impossible to predict the extent of our overall success. Donec 2 may never be able to achieve favorable operating results or profitability or generate sufficient cash flow to support its business internally and to make distributions to the members including the Company.

Our financial condition and results of operations will significantly rely on the management committee of Donec 2.

Donec 1, as a member of Donec 2, will have limited control over or influence in the management of Donec 2, which will be under the substantial control of the management committee of Donec 2. Successful operations and investments of Donec 2's business will be dependent in major part upon the operating and management skills of the management committee of Donec 2. The loss of the services of the principals of the management committee, including, without limitation, as a result of death, incapacity or retirement, would have a material adverse impact on Donec 2's ability to realize its objectives which may adversely affect the Company's financial condition and results of operations.

Donec 2 may not be able to raise capital as needed to maintain its operations.

Donec 2 may need to raise additional funds to support all of its strategies. Additional financing may not be available to Donec 2 on favorable terms, if at all. If Donec 2 cannot raise needed funds on acceptable terms, it may not be able to develop its business, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements, which could seriously harm its business, financial condition and results of operations and, as a result, adversely affect our investment in Donec 2.

In addition, Donec 2's actual funding requirements may be greater than anticipated if certain assumptions turn out to be incorrect. Therefore, you should consider Donec 2's estimates in light of the following facts:

- the estimated funding requirements may not reflect sufficient contingency amounts and may increase, perhaps substantially, if Donec 2 is unable to generate revenues in the amount and within the time frame expected or if Donec 2 has unexpected cost increases; and

- Donec 2 faces many challenges and risks, including those discussed elsewhere in this Agreement.

The financial forecasts made by the Company, if any, are subject to numerous risks and uncertainties and are inherently speculative and subject to change.

The Company may make certain financial forecasts available to prospective Purchasers that are based on its estimates of Donec 2's future financial performance. Any such financial forecasts are based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, many of which are beyond our control and the control of the Company, and are based upon assumptions with respect to future business decisions which are subject to change. Many of the factors affecting the financial forecasts are impossible to predict with certainty and, as such, are outside our ability to control. We make no representation or warranty as to the accuracy of the financial forecasts.

Any such financial forecasts constitute "forward looking statements," all of which are subject to risk and uncertainties. You must carefully consider any such statement and should

understand that many factors could cause actual results to differ from our forward-looking statements. Factors that might cause such a difference include, without limitation, decline in demand for real estate in general, the effect of general economic conditions generally, factors affecting real estate sales and other risks and uncertainties referred to in this document. These factors also could include inaccurate assumptions and a broad variety of other risk and uncertainties, including some that are known and some that are not. No forward looking statement can be guaranteed and actual future results may vary materially.

Our performance and the value of our investment in Donec 1 are subject to risks incident to ownership of real estate and with the real estate industry.

We are subject to all the risks incident to ownership of real estate and interests therein, many of which relate to the general illiquidity of real estate investments. The illiquidity of real estate investments generally may impair the ability of Donec 2 to respond promptly to changing circumstances. Our management believes that such risks are heightened because of the lack of the diversification by geographical region and property type of the Project. Our economic performance and the value of our investment in Donec 1 are subject to the risk that if the operating income and proceeds from the sale of the Project do not generate sufficient funds to meet Donec 2's operating expenses, debt service and capital expenditures, Donec 2's cash flow and ability to pay distributions to its members, including Donec 1, will be adversely affected.

The following factors, among others, may adversely affect the cash flow generated from the Project:

- downturns in the international, national, regional and local economic climate;
- consumer confidence, unemployment rates, and consumer tastes and preferences;
- competition from similar asset type properties;
- local real estate market conditions, such as oversupply or reduction in demand;
- changes in interest rates and availability of permanent mortgage financing that may render the sale or refinancing and the acquisition of the Project difficult or unattractive and that may make debt service more burdensome;
- increased operating costs, including insurance premiums, utilities and real estate taxes;
- changes in real estate and zoning laws, increases in real estate taxes and inflation;
- civil disturbances, earthquakes and other natural disasters, terrorist acts or acts of war; and
- decreases in the value of the underlying real estate.

Liability relating to environmental matters may impact the value of the Project.

Liability relating to environmental matters may decrease the value of the Project and may adversely affect the ability of the Donec 2 to sell the Project or borrow using the Project as collateral and may adversely affect the security afforded by the Project a for a mortgage loan. Under various federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on, about, under or in its property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. To the extent that an owner of an underlying property becomes liable for removal costs, testing, monitoring, remediation, bodily injury or property damage, the ability of the owner to make debt payments may be reduced, which in turn may adversely affect the value of the relevant mortgage asset related to such property. The presence of hazardous substances may adversely affect our ability to sell the Project and we may incur substantial remediation costs, thereby harming our financial conditions. The discovery of material environmental liabilities attached to the Project could have a material adverse effect on our results of operations and financial condition.

The Project faces significant competition.

Competition in the real estate industry is currently intense and could intensify further in the future due to the general effects of a weak economy. The Donec 2 faces significant competition from developers, owners and operators of commercial real estate, many of which have greater financial resources and a substantial presence in the Donec 2's markets and offer properties similar to the Project. The Project faces competition from similar properties in the same market. Therefore, the Donec 2 may not be able to successfully compete in its market, which could result in a failure to implement its business strategy, adversely affecting its ability to attract potential buyers. Significant price competition would reduce the returns realized by the members' investments. Many of the Donec 2's competitors have greater financial resources to devote to marketing their properties and may be able to respond more quickly to changes in buyers' requirements. There can be no assurance that the Donec 2 will be able to compete successfully in this environment. If the Donec 2 does not adapt to effectively compete in such a highly competitive environment, such competitive factors could have an adverse effect on its business which, as a result, may adversely affect our financial condition or results of operations.

We face risks associated with property acquisitions and ownership.

The acquisition and ownership of the Project by Donec 2 may be exposed to the following risks:

- the Project may fail to perform as management expected in analyzing its investments;
- the acquisition of the Project is subject to customary conditions to closing, including completion of due diligence investigations which may have findings that are unacceptable;
- Donec 2 may be unable to complete the acquisition of the Project after making a non-

refundable deposit and incurring certain other acquisition-related costs all of which must be absorbed by Donec 2;

- Donec 2's estimates of expenditures required for the Project, including the costs of refurbishing, marketing, leasing units and selling the Project, may be inaccurate;

- Donec 2 or Donec 1 may be unable to obtain financing or refinancing for the Project acquisition on favorable terms or at all;

- the Project may be located in a new market where Donec 2 may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures;

- occupancy rates and rents may not meet projections and the Project may not be profitable;

- risks of lessening demand for the Project, competition from other available properties and changes in market rental rates;

- increases in property and liability insurance costs; and

- unanticipated increases in real estate taxes and other operating expenses including utility rate and usage increase and unanticipated repairs.

Donec 2's financial condition, the value of the Project and its ability to make distributions to its members, including Donec 1, which will in turn affect Donec 1's ability to make distributions to the Company, will be dependent upon continued access to the debt and equity markets and Donec 2's ability to operate and dispose of the Project in a manner sufficient to generate income in excess of operating expenses and debt service charges, which may be affected by the risks described above.

Donec 2 faces risks associated with the use of debt, including refinancing risk.

Donec 2 will rely in part on borrowings to finance the acquisition of the Project and development activities and for general operating purposes. The real estate debt markets have improved in recent years which has generally resulted in an increase in availability of debt financing as well as improved terms for debt financing. While the real estate markets have improved, we believe that circumstances could arise in which Donec 2 may not be able to obtain debt financing in the future on favorable terms, or at all. If Donec 2 is unable to borrow under its credit facilities or to refinance existing debt financing, its financial condition and results of operations would likely be adversely affected which, as a result, could diminish the value of the Company's indirect investment in Donec 2 .

Donec 2 and the Company are subject to the risks normally associated with debt, including the risk that its cash flow may be insufficient to meet required payments of principal and interest. In addition, risks associated with loans secured by real estate include decreasing property values, material increases in interest rates, deterioration in local economic conditions,

tightening credit or refinancing markets, and a concentration of loans within any one area. Donec 2 may need to refinance a significant portion of its outstanding debt as it matures. There is a risk that Donec 2 may not be able to refinance existing debt or that the terms of any refinancing will not be as favorable as the terms of the existing debt. If principal payments due at maturity cannot be refinanced, extended or repaid with proceeds from other sources, such as new equity capital, Donec 2's cash flow may not be sufficient to repay all maturing debt.

Changes in general economic and business conditions, internationally, nationally and in the markets in which Donec 2 operates, could have an adverse effect on our business, financial condition or results of operations.

Our operating results may be subject to factors which are outside of our control, including changes in general economic and business conditions, internationally, nationally and in the market in which Donec 2 operates. Such factors could have a material adverse effect on our business, financial condition or results of operations.

In addition, disruptions in the credit and financial markets, declines in consumer confidence, increases in unemployment, declines in economic growth and uncertainty about corporate earnings could have a significant negative impact on the U.S. and global financial and credit markets and the overall economy. Such events could have an adverse impact on financial institutions resulting in limited access to capital and credit for many companies. Furthermore, economic uncertainties make it very difficult to accurately forecast and plan future business activities. Changes in economic conditions, changes in financial markets, deterioration in the capital markets or other factors could have an adverse effect on the financial position, revenues, results of operations and cash flows of Donec 2 and Donec 1 and, as a result, the Company.

We rely on qualified, key executive management personnel.

The success of our business will also depend on our ability to retain qualified key executive management personnel. Competition for qualified personnel in the real estate industry is intense. If we are unable to retain qualified personnel, our business could suffer. In addition, our management may not be able to oversee Donec 2's operations effectively, or to effectively implement our operating strategy, and any failure to do so could have a material adverse effect on our business.

Risks Related to an Investment in the Class B Shares

There is no public market for our securities.

We cannot assure you that a public offering will occur in the future or that a public market for our securities will develop. We have not registered the sale of the Class B Shares under the Securities Act or any state securities laws, nor do we intend to do so. The Class B Shares are highly illiquid, have no current or anticipated future public market and are not transferable except in accordance with the Securities Act. You may be required to retain the investment in our securities indefinitely. Each Purchaser of the Class B Shares is required to represent that the Class B Shares are being acquired for their own account, for investment

purposes only, and not with a view to resale. Consequently, the Class B Shares may not be resold or otherwise transferred unless they are subsequently registered under applicable securities laws or an exemption therefrom is available. In view of these and other limitations to the transfer of the Class B Shares as described herein, the Class B Shares should be considered an illiquid investment which may need to be held indefinitely.

Furthermore, because of the adverse tax implications that my result from the ownership of the Class B Shares by a U.S. Person, investors may not sell, assign, convey, pledge, encumber, transfer or otherwise dispose of the Class B Shares to any U.S. Person or to any person who may or intends to become a U.S. Person during the period in which they will own the Class B Shares. Accordingly, any Purchaser may not be able to liquidate his, her or its investment in the Company in the event of an emergency or for any other reasons, and the Class B Shares may not be acceptable as collateral for loans. Limitations on the transfer of the Class B Shares may also adversely affect the price that a Purchaser might be able to obtain for the Class B Shares in a private sale.

The Class B Shares have limited voting rights.

Except as required under applicable law, the Purchasers, as the holders of Class B Shares, will have no voting rights with respect to the Company and matters affecting its business or operations. Therefore, you will have limited ability to influence management's decisions regarding the Company's policies, operations or business. The Manager, as the holder of all of the Class A Shares, shall have the authority to make all decisions regarding the ongoing business and affairs of the Company including the removal and addition of members to the Board of Directors and the Company's investments in Donec 1 . The Manager will have substantially all voting rights with respect to the Company. Furthermore, even if you are dissatisfied with the performance of the Company, you will have no practical ability to remove any member of the Board of Directors.

The Notes are not guaranteed by any party.

Although the Notes are secured by certain of the Company's limited liability company membership interests in Donec 1, the Company's obligations under the Notes are not guaranteed by any party. Therefore, principal and interest payments on the Notes will be dependent primarily upon the results of operations and financial condition of the Company which are entirely dependent on the operations of Donec 2. No reserve fund, sinking fund or trust indenture has been, nor will be, established to provide for repayment of the Notes. Additionally, if a default occurs under the Notes, there is no assurance that the value of the assets pledged as collateral to secure the obligations under the Notes will be sufficient to fully satisfy all amounts due under the Notes. As a result, there is a possibility of loss of any return on the investment in the Notes.

The use of proceeds of this Offering may be altered.

Donec 1 expects to use the net proceeds of the Offering invested by the Company for the purposes described herein. From time to time, Donec 2 will evaluate the use of Donec 2 cash to

determine whether the current application should be changed. As a result, the use of proceeds from this Offering may be materially changed. The Manager will have significant discretion in applying the net proceeds of this Offering. The failure of the Manager to apply such funds effectively could have a material adverse effect on Donec 2's business, prospects, financial condition and results of operations.

Tax Risks

There are general tax risks associated with an investment in the Class B Shares.

There are tax risks associated with the acquisition, holding and disposition of the Class B Shares and with a Loan to the Company. U.S. federal, state and local tax laws and rules relating to foreign corporations and real estate acquisitions are complex. Potential purchasers of Class B Shares are strongly urged to review the discussion under "U.S. Federal Income Tax Considerations" and to consult their own professional advisors in this regard.

Deductions Subject to IRS Challenge.

The Company will claim all deductions for U.S. federal income tax purposes which the Board of Directors believes it is entitled to claim (including its allocable portion of deductions of the Donec 1). The amount and availability of deductions depend not only on general legal principles, but also upon various factual determinations relating to the time, amount, and reasonableness of the deductions claimed. There can be no assurance that these deductions will not be successfully contested or disallowed by the IRS. The cost of any administrative or legal proceedings regarding any such challenges or disallowances, if raised in connection with tax returns filed by any entity listed above, will be borne solely by the affected entity. If the IRS were successful in any such challenge, a Purchaser's overall return, as well as distributable cash, may be reduced.

Risk of Audit.

The Company must file an annual U.S. federal income tax return. In addition, Donec 1 must file an annual U.S. federal information return. Any audit of any of these returns generally would be controlled by the board of managers in the case of the Donec 1 or by the officers in the case of the Company. The expense in contesting any adjustment proposed by the IRS could be substantial and may significantly reduce the cash available for distribution by the mentioned entities. If any IRS determination adverse to the mentioned entities is sustained, the entities or, as applicable, their members, may owe additional tax, interest, and penalties.

There is always a risk of adverse consequences arising from tax law changes.

In recent years, numerous changes to the Internal Revenue Code (the "Code") have been enacted. These changes have affected marginal tax rates, personal exemptions, itemized deductions, depreciation and amortization rates, and other provisions of the Code. There can be no assurance that the present federal income tax treatment of an investment in the Company will not be adversely affected by future legislative, judicial or administrative action. Any modification or change in the Code or the Treasury Regulations promulgated thereunder, or any

judicial decision, could conceivably be applied retroactively to an investment in the Company. In view of this uncertainty, prospective investors are urged to consider ongoing developments in this area and consult their advisors concerning the effects of such developments on an investment in the Company in light of their own personal tax situations.

No Internal Revenue Service Rulings.

The Company will not seek rulings from the IRS with respect to any of the Federal income tax considerations discussed in this Agreement. Thus, positions to be taken by the IRS as to tax consequences could differ from positions taken by the Company.

Section 1031 of the Code.

Section 1031 of the Code currently provides that under certain conditions no gain or loss is recognized if a taxpayer (i) transfers property held for productive use in a trade or business, or for investment, and (ii) subsequently receives like-kind property to be held either for productive use in a trade or business, or for investment. The availability of Section 1031 "like-kind exchanges" increases the marketability of underlying properties which Donec 2 plans to acquire. Therefore, the repeal or significant amendment of Section 1031 of the Code could have an adverse effect on the marketability of Donec 2's properties.

FIRPTA Considerations and Tax Withholding.

Foreign investors are subject to the provisions of the Foreign Investment in Real Property Tax Act of 1980, as amended ("FIRPTA"). Under FIRPTA, gain from the disposition of a United States real property interest ("USRPI") will generally be deemed income effectively connected with a U.S. trade or business of such foreign investor, and subject to income tax and withholding in the United States. Debt instruments without a participation feature are not typically considered USRPIs for these purposes, thus the loans made by the Purchasers to the Company should not be considered USRPIs. However, a U.S. corporation that holds a certain amount of USRPIs is itself considered a USRPI. Because the Company's only asset is an interest in Donec 1 (an entity treated as a partnership for U.S. federal income tax purposes that, through ownership of Donec 2, only holds USRPIs), the Company should be considered a USRPHC. Thus, if the Purchaser disposes of any interest in the Company (including as a result of a redemption of such interest by the Company or as a result of a liquidation), any gain on such disposition should be subject to taxation and withholding under the FIRPTA rules if the Company holds, at the time of the disposition, the requisite amount of USRPIs.

Other Potential Tax Risks.

In evaluating an investment in the Company, a prospective investor should also consider, in addition to the above potential tax consequences, the following tax consequences (amongst others): (i) the possibility that the foreign income tax liability resulting from a sale or other disposition (e.g., by gift) of its Class B Shares may exceed its share of the cash proceeds therefrom (whether or not distributed), and to the extent of such excess, the payment of such income taxes will be an out-of-pocket expense, (ii) the possibility that any interest expense of, or allocated to, the Company might not be allowable as a deduction or may be deferred with respect to some or all of the investors, and (iii) the applicability of the economic substance doctrine

under Code Section 7701(o). See "U.S. Federal Income Tax Considerations" above for a discussion of these and other tax risks and tax material tax implications of investing in the Class B Shares.

Section 15. Purchase, Sale, Payment and Delivery of the Class B Shares. On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions set forth herein, the Company agrees to sell to the Purchaser, and the Purchaser irrevocably agrees to purchase from the Company, the number of Class B Shares stated in Section 1 (the "Designated Shares").

Section 16. Indemnification. The Purchaser agrees to indemnify and hold harmless the Company, its officers, directors and affiliates from and against all damages, losses, costs and expenses (including reasonable attorney's fees) which they may incur by reason of the failure of the Purchaser to fulfill any of the terms or conditions of this Agreement or by reason of breach of any of the covenants, agreements, representations and warranties made by the Purchaser herein. The Company agrees to indemnify and hold harmless the Purchaser from and against all damages, losses, costs and expenses (including reasonable attorney's fees) which they may incur by reason of the failure of the Company to fulfill any of the terms or conditions of this Agreement or by reason of breach of any of the covenants, agreements, representations and warranties made by the Company herein.

Section 17. Survival. The respective representations, warranties and agreements made by the Purchaser herein or in any certificate or other instrument delivered pursuant hereto shall survive the delivery of payment for the Designated Shares, notwithstanding any investigation made by or on behalf of any party hereto.

Section 18. Notice. All communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or sent by overnight courier if to the Purchaser, addressed to such Purchaser at the address set forth in this Agreement, or to such other address as such Purchaser may designate in writing to the Company, and if to the Company, addressed to c/o The Element Office 2035 Memorial Dr SE, Atlanta, GA 30317, United States , Attention: Mark Leaphart, or to such other address as the Company may designate in writing to the Purchaser.

Section 19. Successors. This Agreement shall inure to the benefit of and be binding upon the Company, the Purchaser and their respective permitted successors and assigns.

Section 20. Assignment. This Agreement may not be assigned in any respect without the express written consent of each of the parties hereto.

Section 21. Severability of Provisions. Any covenant, provision, agreement or term of this Agreement that is prohibited or is held to be void or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability, without in any way invalidating, affecting or impairing the remaining provisions hereof.

Section 22. Miscellaneous. This Agreement and the documents referenced herein constitute the entire agreement and understanding of the parties hereto with respect to the matters and transactions contemplated hereby and supersedes all prior agreements and understandings whatsoever relating to such matters and transactions. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. The headings in this Agreement are for the purpose of reference only and shall not limit or otherwise affect the meaning hereof. All pronouns and any variation thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the person or persons may require. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which shall together constitute one instrument. A digital reproduction, portable document format (".pdf") or other reproduction of this Agreement may be executed by one or more parties hereto and delivered by such party by electronic signature complying with the U.S. federal ESIGN Act of 2000 (including signature via *DocuSign, RightSignature* or similar services), electronic mail or any similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen. Any counterparts of this Agreement so executed and delivered shall be considered valid, binding and effective for all purposes.

Section 23. Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida applicable to agreements made and to be performed therein without regard to conflict of laws principles.

Section 24. SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL. **THE PURCHASER AND THE COMPANY HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY FLORIDA STATE OR FEDERAL COURT SITTING IN THE STATE OF FLORIDA, COUNTY OF BROWARD IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE CLASS B SHARES OR THIS AGREEMENT, AND THE PURCHASER AND THE COMPANY HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH FLORIDA STATE OR FEDERAL COURT. THE PURCHASER AND THE COMPANY HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THAT THEY MAY LEGALLY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING AND THE RIGHT TO A JURY TRIAL. THE COMPANY AND THE PURCHASER IRREVOCABLY CONSENT TO THE SERVICE OF ANY AND ALL PROCESS IN ANY ACTION OR PROCEEDING BY THE MAILING OR DELIVERY OF COPIES OF SUCH PROCESS TO THEM AT, IN THE CASE OF THE COMPANY, C/O THE ELEMENT OFFICE 2035 MEMORIAL DR SE, ATLANTA, GA 30317, UNITED STATES , ATTENTION: MARK LEAPHART, AND, IN THE CASE OF THE PURCHASER, AT ITS ADDRESS SPECIFIED ABOVE. THE PURCHASER AND THE COMPANY AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. THE PREVAILING PARTY IN ANY ACTION FOR BREACH OR ENFORCEMENT OF THIS AGREEMENT SHALL BE**

ENTITLED TO, IN ADDITION TO ANY AND ALL OTHER DAMAGES OTHERWISE AVAILABLE, ITS REASONABLE COSTS AND ATTORNEY FEES.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us the enclosed duplicate hereof, whereupon it will become a binding agreement between the undersigned in accordance with its terms.

[Signatures Begin on Following Page]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement on the appropriate signature page this ____ day of _____, 2016.

Subscription Amount

$_____

Number of Class B Shares

_____

Amount of Loan

$_____

_____

Name(s) Exactly as to Appear on the Stock Certificates and in the Company's Stock Records

_____

Address

_____

City, State and Zip Code

_____

Telephone – Business

_____

Tax Identification or Social Security No.

NASD Affiliation or Association, if any: _____

If None, check here: ☐

Jurisdiction of Residence or Principal Place of Business of Purchaser: _____

SIGNATURE PAGES FOLLOW

Please execute this Agreement by completing the appropriate section below.

1. If the prospective investor is a CORPORATION, complete the following and enclose a true copy of the charter and by-laws:

The undersigned hereby represents, warrants and covenants that the undersigned is duly authorized by the prospective investor to take all requisite action on the part of the prospective investor listed below to enter into this Agreement and, further, that the prospective investor has all requisite authority to enter into such Agreement.

The undersigned represents and warrants that each of the above representations, agreements or understandings set forth herein applies to the prospective investor and that the undersigned has authority under the charter, by-laws and corporate resolutions of such prospective investor to execute this Agreement.

_____

Name of Corporation (Please type or print)

By:_____

Name:

2. If the prospective investor is a TRUST, complete the following and enclose a true copy of the Trust Instrument of the prospective investor:

The undersigned hereby represents, warrants and covenants that the undersigned is duly authorized by the terms of the Trust Instrument for the prospective investor set forth below to enter into this Agreement and that the undersigned, as Trustee, has all requisite authority to enter into such Agreement for the prospective investor.

The undersigned, as Trustee, executing this Agreement on behalf of the prospective investor, represents and warrants that each of the above representations, agreements or understandings set forth herein applies to the prospective investor and the undersigned is authorized by such prospective investor to execute this Agreement.

_____

Name of Trust (Please type or print)

By:_____

Name:

3. If the prospective investor is a PARTNERSHIP, complete the following and enclose a true copy of the partnership agreement of the prospective investor:

The undersigned hereby represents, warrants and covenants that the undersigned is a general partner of the prospective investor named below, is duly authorized by the prospective investor to enter into this Agreement, and that the prospective investor has all requisite authority to enter into this Agreement and set forth below are the names of all partners of the prospective investor.

The undersigned represents and warrants that each of the above representations, agreements or undertakings set forth herein applies to the prospective investor and that the undersigned is authorized by such prospective investor to execute this Agreement.

_____

Name of partnership (Please type or print)

By:_____

Name:

Names of Partners: _____ _____

_____ _____

_____ _____

_____ _____

_____ _____

(Add additional sheets if necessary)

4. If the prospective investor is an entity other than a corporation, trust or partnership, complete the following and enclose a true copy of the charter or other organizational document of the entity:

The undersigned hereby represents, warrants and covenants that the undersigned is duly authorized by the prospective investor to take all requisite action on the part of the prospective investor listed below to enter into this Agreement and, further, that the prospective investor has all requisite authority to enter into such Agreement.

The undersigned represents and warrants that each of the above representations, agreements or understandings set forth herein applies to the prospective investor and that the undersigned has authority under the applicable empowering documents of such prospective investor to execute this Agreement.

_____

Name of entity (Please type or print)

By: _____

Name:

Description of above entity and/or list of equity owners: _____

_____

_____

_____

_____

_____

5. If the prospective investor is an individual, please execute this Agreement below.

_____

Name of individual (Please type or print)

By:_____

[COMPANY SIGNATURE PAGE FOR SUBSCRIPTION AGREEMENT]

Agreed to and accepted as of _____, 2016.

Donec Real Estate 1, Inc.

By:_____
Name:_____
Title:_____

EXHIBIT A

Form of Secured Promissory Note

Attached

EXHIBIT B

Operating Agreement of Donec Real Estate 1 One, LLC

Attached

EXHIBIT C

Form of Escrow Agreement

Attached

APPENDIX 2 – SECURED PROMISSORY NOTE AND SECURITY AGREEMENT

SECURED PROMISSORY NOTE

$2,540,000 As of November 10, 2016

FOR VALUE RECEIVED, **DONEC REAL ESTATE 1, INC.**, a Delaware corporation with a mailing address at c/o The Element Office 2035 Memorial Dr SE, Atlanta, GA 30317, United States (hereinafter referred to as "Maker"), promises to pay to the order of **IA CAPITAL STRUCTURES (IRELAND) PLC**, a public limited liability company organized under the laws of Ireland, with an address at 22 Clanwilliam Square, Grand Canal Quay, Dublin 2, Ireland (hereinafter referred to as "Payee"), at such office, or at such other place as may be designated, from time to time, in writing by Payee, the principal sum of **Two Million Five Hundred and Forty Thousand dollars ($2,540,000)** in connection with the purchase by Maker of a certain limited liability company interest in Donec Real Estate 1 One LLC, a Delaware limited liability company (the "LLC"), in lawful money of the United States of America, with total interest at a rate of ten percent (10%) per annum thereon from the date of this promissory note ("Note") to and including the Maturity Date (as defined below) in the manner hereinafter set forth, as follows:

(i) Commencing upon the date hereof and continuing until the date one year from the date of this Note (the "First Reset Date"): (a) interest at the rate of 7.75% per annum shall accrue on the Principal Balance, and such accrued interest shall be due and payable on the last business day of each calendar quarter and (b) additional interest at the rate of 2.25% per annum shall accrue, compounded semi-annually, on the Principal Balance, and such accrued interest shall be due and payable on the Maturity Date;

(ii) Commencing upon the day immediately following the First Reset Date and continuing until the date one year from the First Reset Date (the "Second Reset Date"): (a) interest at the rate of 8.25% per annum shall accrue on the Principal Balance, and such accrued interest shall be due and payable on the last business day of each calendar quarter and (b) additional interest at the rate of 1.75% per annum shall accrue, compounded semi-annually, on the Principal Balance, and such accrued interest shall be due and payable on the Maturity Date;

(iii) Commencing upon the day immediately following the Second Reset Date and continuing until the date one year from the Second Reset Date (the "Third Reset Date"): (a) interest at the rate of 8.75% per annum shall accrue on the Principal Balance, and such accrued interest shall be due and payable on the last business day of each calendar quarter and (b) additional interest at the rate of 1.25% per annum shall accrue, compounded semi-annually, on the Principal Balance, and such accrued interest shall be due and payable on the Maturity Date;

(iv) Commencing upon the day immediately following the Third Reset Date and continuing until the date one year from the Third Reset Date (the "Fourth Reset Date"): (a) interest at the rate of 9.25% per annum shall accrue on the Principal Balance, and such accrued interest shall be due and payable on the last business day of each calendar quarter and (b) additional interest at the rate of 0.75% per annum shall accrue, compounded semi-annually, on the Principal Balance, and such accrued interest shall be due and payable on the Maturity Date;

(v) Commencing upon the day immediately following the Fourth Reset Date and continuing until the Maturity Date : (a) interest at the rate of 9.75% per annum shall accrue on the Principal Balance, and such accrued interest shall be due and payable on the last business day of each calendar quarter and (b) additional interest at the rate of 0.25% per annum shall accrue, semi-annually, on the Principal Balance, and such accrued interest shall be due and payable on the Maturity Date; and

(vi) The entire Principal Balance, together with all interest accrued and unpaid thereon calculated in the manner set forth above and all other sums due under this Note, shall be due and payable on the Maturity Date.

1. The following terms as used in this Note shall have the following meanings:

(i) The term "Maturity Date" shall mean the date five years from the date of this Note.

(ii) The term "Principal Balance" shall mean the outstanding principal balance of this Note from time to time.

2. Interest on the Principal Balance of this Note shall be computed from the date hereof and shall be calculated on the basis of the actual number of days elapsed over a 360-day year. With respect to interest that shall be payable annually, Maker shall have the right to prepay such interest as it accrues throughout the applicable payment period.

3. Payments of all amounts owing to Payee under this Note are secured by a pledge of 45.85% of Maker's right, title and interest in and to its limited liability company interest in the LLC. Maker has made and delivered to Payee that certain Security Agreement of even date herewith ("Security Agreement"), which documents the pledge of the above-described collateral and sets forth certain other rights and remedies of Payee.

4. Maker shall have the right to prepay this Note in whole or in part, without prepayment penalty upon giving thirty (30) days written notice to Payee of such prepayment.

5. It is hereby expressly agreed that the entire unpaid Principal Balance, together with all interest accrued and unpaid thereon and all other sums due under this Note (hereinafter referred to as the "Debt"), shall without notice become immediately due and payable at the option of Payee if an Event of Default (as defined in the Security Agreement) occurs.

6. If any sum payable under this Note is not paid within thirty (30) days after the date on which it is due, Maker shall pay upon demand an amount equal to two percent (2.0%) of such unpaid sum as a late payment charge.

7. Maker hereby waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note, and agrees to pay all costs of collection when incurred, including reasonable attorneys' fees (which costs may be added to the amount due under this Note and be receivable therewith), and to perform and comply with each of the terms, covenants and provisions contained in this Note on the part of Maker to be observed or performed. No release of any security for the principal sums due under this Note or extension of time for

payment of this Note, or any installment hereof, and no alteration, amendment or waiver of any provision of this Note shall release, discharge, modify, change or affect the liability of Maker under this Note.

8. The terms of this Note shall be governed by and construed under the laws of the State of Florida, without giving effect to rules governing conflicts of law. Maker irrevocably consents to the non-exclusive jurisdiction of the courts of the State of Florida located in the County of Broward, and of the United States District Courts for the Southern District of Florida for the purposes of any suit, action, or proceeding relating to or arising out of this Note (a "Related Proceeding") and irrevocably waives, to the fullest extent it may effectively do so, (i) any objection it may have to the laying of venue of any Related Proceeding in any such court, and (ii) the defense of any inconvenient forum to the maintenance of any Related Proceeding in any such court.

9. It is intended that this Note shall be exempt from United States income tax withholding pursuant to the statutes and regulations relating to portfolio interest under United States income tax laws. Consequently, this obligation is registered as to both principal and any interest with the Maker or its agent. Maker shall keep, as part of its books and records, a register which reflects the name and address of the Payee (or current registered holder, if the Note is transferred as provided herein) and the amount owed. Additionally, (i) the Note may not be transferred except as provided below; (ii) Payee or current registered holder, as the case may be, shall file with the Maker, and keep current, a Form W-8 or such substitute forms as may be required from time to time by the United States Internal Revenue Service; (iii) Maker shall file annually with the United States Internal Revenue Service a Form 1042S, with a copy of the Form W-8 or such substitute of the Payee or current registered holder, as the case may be; and (iv) Payee or current registered holder, as the case may be, shall execute a statement in the form of Exhibit "A". If the Maker is required to deduct or withhold any amount from any payment, such payment made by the Maker will include additional amounts so that the Payee receives the full amount it would have received had no such deduction or withholding been required. The Maker will, as soon as is reasonably practical, provide the Payee with a certificate of deduction or withholding in respect of the amount deducted or withheld together with evidence satisfactory to the Maker that the amount so deducted or withheld has been paid over to the relevant authorities as and when due.

10. It is the intention of the parties hereto to comply with all applicable usury laws; accordingly, it is agreed that notwithstanding any provisions to the contrary in this Note or in any other documents securing payment hereof or otherwise relating hereto, in no event shall this Note or such other documents be deemed or imputed to require the payment or permit the collection of interest in excess of the maximum amount permitted by such laws. If any such excess of interest is deemed or imputed to be contracted for, charged or received under this Note or under the terms of any other document securing payment hereof or otherwise relating hereto, or in the event the maturity of the indebtedness evidenced hereby is accelerated in whole or in part, or in the event that all or part of this Note shall be prepaid, so that under any of such circumstances the amount of interest deemed or imputed to be contracted for, charged or received under this Note shall exceed the maximum amount of interest permitted by the applicable usury laws, then in any such event, (i) the provisions of this paragraph shall govern or control, (ii) neither the Maker nor any other person or entity now or hereafter liable for the

payment of this Note shall be obligated to pay the amount of such deemed or imputed interest to the extent that is in excess of the maximum amount of interest permitted by the applicable usury laws, (iii) any such excess which may have been collected shall be either applied as a credit against the then unpaid payments hereof or refunded to the Maker, at the Payee's option, and (iv) the rate of interest deemed to apply or imputed to this Note shall be automatically reduced to the maximum lawful rate allowed for this Note under the applicable usury jurisdiction thereof.

11. Any transfer of this Note (including any rights to any principle and/or interest represented by this Note) shall be effective and binding only upon the registration of such transfer on the books and records of the Maker at the office of the Maker, which transfer shall be effectuated by surrender of the Note to the Maker together with a written instrument to transfer and a request for re-issuance, all in a form satisfactory to the Maker, duly executed by the Payee or the current registered holder, as the case may be, or its attorney duly authorized in writing, and delivered to the Maker. Maker may request an affidavit from the Payee or any assignee thereof in order to ascertain whether or not the interest payable with respect hereto qualifies or continues to qualify for the above-referenced exemption. Any such transfer, surrender and re-issuance of the Note shall be deemed registered by the Maker when re-issued by the Maker to the assignee a written instrument to transfer. This Note is only issuable in registered form and is intended to be in registered form as defined in Treas. Reg. Subsection 5(f).103-1(c). This is the exclusive method of transfer or assignment of this Note and any purported or attempted transfer by any other manner or means is void. Notwithstanding the foregoing Maker shall use all commercially reasonable endeavors to do all things necessary to promptly effect a transfer of this Note if requested to do so by the Payee.

12. This Note may not be changed or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of such change or termination is sought.

13. Maker (and the undersigned representative of Maker, if any) represents that: (a) the Maker is a company duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, (b) neither the execution and delivery of this Agreement by the Maker nor the exercise of its rights and the performance of its obligations under this Note are prohibited by law, regulation or order, require any approval, filing, registration or exemption or are prohibited by, constitute an event of default under, or result in an obligation to create security under, any document or arrangement to which it is a party, (c) Maker has full power, authority and legal right to execute and deliver this Note, (d) this Note constitutes a valid and binding obligation of Maker, (e) Maker is solvent and (f) Maker has obtained and will materially comply and ensure that all its subsidiaries materially comply with all applicable laws and regulations and the terms of all material permits, authorizations and licenses (including, amongst all other matters, all laws, regulations, permits, authorizations and licenses relating to intellectual property matters) required for carrying on its business in all relevant jurisdictions.

14. Whenever used, the singular number shall include the plural, the plural the singular, and the words "Payee" and "Maker" shall include their respective successors and assigns.

15. NEITHER MAKER NOR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED

UPON OR ARISING OUT OF THIS NOTE. NEITHER MAKER NOR ANY SUCH OTHER PERSON OR ENTITY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THE PROVISIONS HEREOF SHALL BE SUBJECT TO NO EXCEPTIONS. PAYEE HAS NOT IN ANY WAY AGREED WITH OR REPRESENTED TO MAKER OR ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Maker has duly executed this Note the day and year first above written.

MAKER:

DONEC REAL ESTATE 1, INC.,
a Delaware corporation

By:_____
Name:_____
Title: President

EXHIBIT "A"

Lender Affidavit

(See Attached)

LENDER AFFIDAVIT REGARDING OWNERSHIP OF ISSUER OF DEBT OBLIGATIONS QUALIFYING FOR PORTFOLIO INTEREST EXCEPTION UNDER SECTION 881(C) (1) OF THE INTERNAL REVENUE CODE OF 1986

Affiant is a duly authorized officer of **IA CAPITAL STRUCTURES (IRELAND) PLC.**, a public limited company organized under the laws of Ireland ("Lender"), and hereby CERTIFIES UNDER OATH THE FOLLOWING:

1. That effective as of _____, 2016, Lender loaned to **DONEC REAL ESTATE 1, INC**, a Delaware corporation ("Borrower") an amount of $2,540,000 (the "Loan"), as evidenced by a certain Secured Promissory Note (the "Note") executed by Borrower in favor of Lender.

2. Lender is not a "US Person" as that term is defined in the United States Internal Revenue Code of 1986, as amended (the "Code").

3. It is the intention of Lender and Borrower that the interest earned on the Loan qualify for the portfolio interest exception under Section 881(c)(1) of the Code and thus such interest shall be exempt from US federal tax and any withholding requirements thereon.

4. Neither Lender nor any beneficial owner of Lender, nor any related party to it, as defined in the Code, currently owns or holds a voting interest of 10% or more, directly or indirectly, in the Borrower. Lender shall notify Borrower if Lender or any such related party acquires such an interest.

5. The Lender is not a foreign bank as defined in the Code. Lender shall notify Borrower if Lender becomes a foreign bank.

6. The Loan is to be issued and maintained in registered form in the name of Lender.

[SIGNATURE PAGE FOLLOWS]

This affidavit is executed by the undersigned as of _____ ___, 2016, under penalty of perjury for the purposes herein set forth.

FURTHER AFFIANT SAITH NOT

IA CAPITAL STRUCTURES (IRELAND) PLC, a public limited company organized under the laws of Ireland

By:_____
Name:_____
Title:_____

Acknowledged before me this
_____ day of _____, 2016

Notary Public

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made and entered into as of the ___ day of _____, 2016, by **DONEC REAL ESTATE 1, INC**, a Delaware corporation (the "Debtor"), and **IA CAPITAL STRUCTURES (IRELAND) PLC**, a public limited company organized under the laws of Ireland (the "Secured Party").

1. **Security Interest; Collateral**. For value received, the Debtor hereby assigns and grants to the Secured Party, with full recourse to the Debtor, upon and subject to the terms and conditions set forth in this Agreement, a security interest in and to the following described personal property (the "Collateral"):

(a) all right, title and interest in and to 45.85% of Debtor's limited liability company interest ("Limited Liability Company Interest") in Donec Real Estate 1 One LLC, a Delaware limited liability company (the "Fund");

(b) the certificates, if any, representing the Limited Liability Company Interest referred to in clauses (a) above ("Certificates");

(c) all rights, powers, privileges and preferences pertaining or incidental to the Limited Liability Company Interest and any collateral investment rights, rights to subscribe, distributions of cash or other property (including, without limitation, partnership interests and debt), liquidating distributions, allocations, new Securities (whether certificated or uncertificated) and any other property to which the Debtor may become entitled by reason of the Debtor's ownership of the Limited Liability Company Interest or any Securities pledged and assigned hereunder or from time to time; and

(d) all proceeds of any of the property described in Sections 1(a) and 1(c) above.

2. **The Obligation**. The security interests herein granted (the "Security Interests") shall secure full payment and performance of: (a) that certain Secured Promissory Note of even date herewith in the principal amount of $2,540,000 made by the Debtor and payable to the order of the Secured Party (such Secured Promissory Note and any notes given in modification, renewal, extension or substitution thereof being herein sometimes collectively referred to as the "Note"); and (b) the due and punctual observance and performance of each and every agreement, covenant and condition to be observed or performed on the Debtor's part under this Agreement and the Note (which Note and all of which agreements, covenants and conditions under this Agreement and the Note are hereinafter referred to together as the "Obligation").

3. **Delivery of Collateral**. All Certificates evidencing the Collateral shall be delivered to and held by the Secured Party, shall be in suitable form for transfer by delivery, and shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Secured Party. After an Event of Default (as defined in Section 8 below), the Secured Party shall have the right, at any time in its discretion and without notice to the Debtor, to transfer to or to register in its name or in the name of any of its nominees any or all of the Collateral. In addition, the Secured Party shall have the right at any time to

exchange certificates or instruments representing or evidencing the Collateral for certificates or instruments of smaller or larger denominations.

4. **Definitions**. As used in this Agreement, the term "Securities" means any notes, stocks, treasury stocks, bonds, debentures, evidences of indebtedness, warrants, partnership interests, limited liability company membership interests, stock options, beneficial interests in trusts or equity interests of any nature whatsoever in any legal entity or, in general, any interest or instrument commonly known as a "security", or any warrant or right to subscribe to or purchase any of the foregoing. All capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings given them in the Delaware Uniform Commercial Code.

5. **Priority**. The Debtor represents and warrants that the Security Interests are first and prior security interests in and to all of the Collateral, and there are no liens thereon or security interests therein on the date hereof in existence prior to the Debtor's acquisition of the Collateral.

6. **Title to Collateral and Reserved Limited Liability Company Rights**. The Debtor represents and warrants to the Secured Party that (a) the Debtor is the owner of the Collateral; (b) no dispute, right of offset, counterclaim or defense to the Security Interests exists with respect to all or any part of the Collateral; and (c) the Debtor will defend the Collateral against the claims and demands of all persons other than any subordinate claims or liens acknowledged by the Secured Party. Prior to the transfer of the Collateral pursuant to the exercise of the Secured Party's remedies under the UCC (as defined in Section 9 below), the Secured Party shall have no rights as an owner of the Collateral, including the right to vote, dispose of or receive any distributions with respect to such Collateral. Following a transfer of the Limited Liability Company Interest pursuant to the exercise of Secured Party's remedies under the UCC, the Secured Party or other transferee may have only the rights of an assignee of an interest in the Fund, as provided under the Florida Revised Limited Liability Company Act, and shall not be a member of the Fund unless admitted therein pursuant to an agreement by and among the members thereof.

7. **Debtor's Obligations**.

(a) At any time and from time to time at the request of the Secured Party, the Debtor shall execute and deliver to the Secured Party any and all UCC-1 Financing Statements and other evidences of the Security Interest that the Secured Party shall determine, in its reasonable judgment, are necessary or desirable to perfect the Security Interest in any one or more jurisdictions.

(b) The Debtor covenants and agrees with the Secured Party that, so long as the Note is outstanding, the Debtor shall (i) not permit any material part of the Collateral to be levied upon under any legal process; (ii) not dispose of any of the Collateral without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld; (iii) not distribute all or any part of the Debtor's assets or engage in any other activity to the extent that such distribution or activity would impair the ability of the Debtor to make any payment when due under the Note; (iv) comply with all applicable federal, state and local statutes, laws, rules

and regulations, the noncompliance with which could have a material and adverse effect on the value of the Collateral; and (v) pay all material taxes accruing after the date first set forth above that constitute, or may constitute, a lien against the Collateral, prior to the date when penalties or interest would attach to such taxes; provided, that the Debtor may contest any such tax claim if done diligently and in good faith.

8. **Event of Default**. As used herein, the term "Event of Default" shall include (i) nonpayment of any installment of principal or interest upon the date the same shall be due and payable under the terms of the Note, and such default continues for a period of 20 days; or (ii) subsections (a) through (g) below, if same exists and remains uncorrected on the 20th day after written notice by the Secured Party to the Debtor that certifies such default:

(a) the assignment, voluntary or involuntary conveyance of legal or beneficial interest, mortgage, pledge or grant of a security interest in any of the Collateral;

(b) the Debtor fails to perform promptly any of its material obligations under this Agreement, the Note or the Escrow Agreement entered into between the Debtor, the Secured Party and [*insert name of the Escrow Agent*] (the "Escrow Agreement");

(c) any representation or warranty contained in this Agreement or the Note or in any document or instrument delivered under or in connection with this Agreement, the Note or the Escrow Agreement, is incorrect or misleading in any material respect when made or deemed to be made

(d) it is or becomes unlawful for the Debtor to perform any of its material obligations under this Agreement, the Note or the Escrow Agreement or this Agreement, the Note or the Escrow Agreement becomes invalid or unenforceable or ceases to be in full force and effect for any other reason;

(e) the filing or issuance of a notice of any lien, warrant for distraint or notice of levy for taxes or assessment against the Collateral (except for those that are being contested in good faith and for which adequate reserves have been created);

(f) the Debtor (x) commences any case, proceeding or other action under any existing or future Debtor relief law, seeking (A) to have an order for relief entered with respect to it, or (B) to adjudicate it as bankrupt or insolvent, or (C) reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (D) appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or (y) makes a general assignment for the benefit of its creditors;

(g) there is commenced against the Debtor in a court of competent jurisdiction any case, proceeding or other action of a nature referred to in clause (f) above which (x) results in the entry of an order for relief or any such adjudication or appointment or (y) remains undismissed, undischarged, unstayed or unbonded for sixty days;

(h) there is commenced against the Debtor any case, proceeding or other action seeking issuance of a warrant of attachment, execution or similar process against all or

any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed or bonded pending appear within thirty days from the entry thereof;

(i) the Debtor takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (f), (g) or (h) above;

(j) the merger, reorganization or other consolidation of the Debtor without the prior written consent of the Secured Party, which shall not be unreasonably withheld;

(k) a sale of all or substantially all of the assets of the Debtor to a third party without the prior written consent of the Secured Party, which shall not be unreasonably withheld;

(l) the borrowing for corporate purposes of an amount greater than $500,000 or the pledge, mortgage or encumbrance of any assets of the Debtor in connection with any such borrowing without the prior written consent of the Secured Party, which shall not be unreasonably withheld; or

(m) the declaration and payment of any dividends by the Debtor without the prior written consent of the Secured Party, which shall not be unreasonably withheld.

9. **Remedies**. Upon the occurrence and during the continuation of an Event of Default as defined herein, the Secured Party, at its option, may exercise any and all rights and remedies that the Secured Party may then have hereunder, under the Note or under the Uniform Commercial Code of the State of Delaware or of any other applicable jurisdiction (the "UCC").

10. **Application of Proceeds by Secured Party**. Any and all proceeds ever received by the Secured Party from any sale or other disposition of the Collateral, or any part thereof, or the exercise of any other remedy pursuant hereto shall be applied by the Secured Party toward satisfaction of the Obligation; provided, that any proceeds received by the Secured Party under this Agreement in excess of those necessary to fully and completely satisfy the Obligation shall be distributed to the Debtor.

11. **Notice of Sale**. After an Event of Default reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to the Debtor and to any other persons entitled under the UCC to notice; provided, that if any of the Collateral threatens to decline speedily in value or is of a kind customarily sold on a recognized market, the Secured Party may sell, pledge, assign or otherwise dispose of the Collateral without notification, advertisement or other notice of any kind. It is agreed that notice sent or given not less than ten (10) calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purpose of this Section.

12. **Notices**. All notices under this Agreement shall be in writing and shall be delivered by personal service, by fax, email with receipt confirmation or by certified or registered mail, postage prepaid, return receipt requested, to the parties at the addresses, fax numbers and/or email addresses set forth on the signature page hereof.

13. **Binding Effect**. This Agreement shall be binding upon the Debtor and the successors and assigns of the Debtor, and shall inure to the benefit of the Secured Party and the heirs, successors, assigns, executors, administrators and personal or legal representatives of the Secured Party.

14. **Governing Law; Jurisdiction**. This Agreement will be covered and construed under the laws of the State of Florida, without giving effect to rules governing conflicts of law. Each of the parties irrevocably consents to the non-exclusive jurisdiction of the courts of the State of Florida located in the County of Broward, and of the United States District Courts for the Southern District of Florida for the purposes of any suit, action, or proceeding relating to or arising out of this Agreement (a "Related Proceeding") and irrevocably waives, to the fullest extent it may effectively do so, (i) any objection it may have to the laying of venue of any Related Proceeding in any such court, and (ii) the defense of any inconvenient forum to the maintenance of any Related Proceeding in any such court.

15. **Severability**. In the event that any one or more of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

16. **Scope of the Agreement; Amendment**. This document constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement may not be modified except by an agreement in writing signed by the party against whom the enforcement of any waiver, change, modification or discharge is sought.

17. **Counterparts; Electronic Execution**. This Agreement may be executed in any number of counterparts and signatures may be delivered by facsimile, each of which may be executed by less than all parties, each of which shall be enforceable against the parties actually executing such counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement and instrument. A digital reproduction, portable document format (".pdf") or other reproduction of this Agreement may be executed by one or more parties hereto and delivered by such party by electronic signature complying with the U.S. federal ESIGN Act of 2000 (including signature via *DocuSign, RightSignature* or similar services), electronic mail or any similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen. Any counterparts of this Agreement so executed and delivered shall be considered valid, binding and effective for all purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first hereinabove set forth.

DEBTOR:

DONEC REAL ESTATE 1, INC,
a Delaware corporation

By:_____
Name:_____
Title:_____

c/o The Element Offic, 2035 Memorial Dr SE,
Atlanta, GA 30317
Fax: _____

SECURED PARTY:

IA CAPITAL STRUCTURES (IRELAND) PLC, an Irish Public Limited Company

By:_____
Name:_____
Title:_____

c/o _____
_____
_____
Fax:_____

REGISTERED OFFICE OF THE ISSUER

IA Capital Structures (Ireland) Plc
22 Clanwilliam Square
Grand Canal Quay
Dublin 2, Ireland

ARRANGER AND CALCULATION AGENT

FlexFunds Ltd.
94 Solaris Avenue
Camana Bay
PO Box 1348
Grand Cayman KY1-1108
Cayman Islands

ISSUE AGENT AND PRINCIPAL PAYING AGENT

Citibank N.A., London Branch
Citi Centre, Canada Square Canary Wharf,
London E14 5LB,
United Kingdom

TRUSTEE

Sanne Fiduciary Services Limited
13 Castle Street, St Helier,
Jersey JE4 5UT

AUDITORS OF THE ISSUER

PricewaterhouseCoopers
One Spencer Dock,
North Wall Quay,
Dublin 1, Ireland

PLACING AGENT AND SALE AGENT

GWM Group, Inc.
177 Broad Street, 7th Floor, Suite 708
Stamford, CT 06901
USA

GWM LTD
Cumberland House, 7th Floor
1 Victoria Street
Hamilton HM 11
Bermuda

PORTFOLIO MANAGER

HUS Partners LLC
2035 Memorial DR SE
Atlanta, GA 30317

LEGAL ADVISERS

To the Trustee as to Irish Law:

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IFSC
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Dublin 1
Ireland

To the Issuer as to Irish Law:

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South Bank House,
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