

**DES STORAGE INCOME FUND II, LLC**  
**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

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THE INTERESTS REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER THE SECURITIES ACT OR AN OPINION OF LEGAL COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

THE INTERESTS ARE BEING OFFERED AND SOLD TO U.S. PERSONS UNDER THE EXEMPTION PROVIDED PURSUANT TO RULE 506(C) PROMULGATED UNDER REGULATION D.

THERE IS NO OBLIGATION ON THE ISSUER TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. A PURCHASER OF ANY INTEREST MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE INTERESTS REPRESENTED HEREBY HAVE NOT BEEN REVIEWED OR APPROVED BY THE SECURITIES ADMINISTRATORS OF CERTAIN STATES OR OTHER JURISDICTIONS NOR HAVE THEY BEEN QUALIFIED OR REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OF CERTAIN STATES OR OTHER JURISDICTIONS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE QUALIFICATION OR REGISTRATION REQUIREMENTS OF SUCH LAWS. THEREFORE, A PURCHASER OF ANY INTEREST WILL NOT BE ABLE TO RESELL IT UNLESS THE INTEREST IS QUALIFIED OR REGISTERED UNDER THE APPLICABLE STATE SECURITIES LAWS OR LAWS OF OTHER JURISDICTIONS OR UNLESS AN EXEMPTION FROM SUCH QUALIFICATION OR REGISTRATION IS AVAILABLE.

THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN PREPARED FOR SUBMITTAL TO A LIMITED NUMBER OF POTENTIAL INVESTORS FOR CONSIDERATION OF THE PURCHASE OF AN INTEREST IN THE COMPANY AND IS FOR USE ONLY BY THE INTENDED RECIPIENT. IT IS NOT AUTHORIZED FOR ANY OTHER PURPOSE OR ANY UNINTENDED RECIPIENT. IF YOU ARE AN UNINTENDED RECIPIENT OR IF YOU ACCEPT DELIVERY OF THIS MEMORANDUM AND DO NOT PURCHASE AN INTEREST WITHIN THE TIME ALLOWED, YOU AGREE TO RETURN IT AND ALL ENCLOSED DOCUMENTS TO THE COMPANY. THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART OR FORWARDED TO OTHER POTENTIAL INVESTORS. IT MAY ONLY BE DISTRIBUTED AND DISCLOSED TO THE PROSPECTIVE INVESTORS TO WHOM IT IS PROVIDED DIRECTLY BY THE MANAGER.

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**PRIVATE PLACEMENT MEMORANDUM**

**DES STORAGE INCOME FUND II, LLC**

**\$30,000,000**

**LIMITED LIABILITY COMPANY MEMBERSHIP INTERESTS**

**OFFERED AT \$1,000 PER UNIT**

DES Storage Income Fund II, LLC, a Wyoming limited liability company (the “Company”), via its Sponsor, Direct Equity Source, LLC, hereby Offers to Accredited Investors only, up to thirty thousand (30,000) Class A Membership Units in the Company. Direct Equity Source, LLC, the Sponsor, will also act as the Manager of the Company. The securities referred in this Offering are being sold on a Best Efforts basis pursuant to the federal securities exemption provided pursuant to Regulation D, Rule 506(c) promulgated thereunder. The Company intends to use the proceeds from the Offering to acquire numerous self-storage and real estate-related properties and issue private loans throughout the United States pursuant to the Fund Criteria, as outlined in more detail in this Memorandum.

	<b>Price to Investors</b>	<b>Minimum Number of Units</b>	<b>Total Proceeds to Company</b>
<b>Class A Interests</b>	\$1,000	100	\$100,000

DATE OF THIS PRIVATE PLACEMENT MEMORANDUM: March 20, 2026.

## **IMPORTANT NOTICES TO INVESTORS**

INVESTMENT IN THE UNITS INVOLVES A HIGH DEGREE OF RISK, POTENTIAL CONFLICTS OF INTEREST, AND PAYMENT OF FEES TO THE MANAGER AND ITS AFFILIATES. PROSPECTIVE INVESTORS WILL BE REQUIRED TO REPRESENT THAT THEY ARE FAMILIAR WITH AND UNDERSTAND THE TERMS OF THE OFFERING. (SEE "RISK FACTORS," "CONFLICTS OF INTEREST" AND "COMPENSATION AND FEES TO THE MANAGER AND AFFILIATES.")

INVESTMENT IS NOT PERMITTED FOR U.S. PROSPECTIVE INVESTORS WHO ARE NOT ACCREDITED INVESTORS (SEE "QUALIFICATION OF INVESTORS"). ALTHOUGH THE MANAGER IS OF THE OPINION THAT THE COMPANY WILL BE CLASSIFIED AS A "LIMITED LIABILITY COMPANY" FOR FEDERAL INCOME TAX PURPOSES, THE INTERNAL REVENUE SERVICE ("IRS") HAS NOT BEEN REQUESTED TO ISSUE A RULING ON THE FEDERAL INCOME TAX STATUS OF THE COMPANY OR OTHER TAX ASPECTS OF THE INVESTMENT AND THE OPINION OF THE MANAGER IS NOT BINDING ON THE IRS. PLEASE SEEK THE COUNSEL OF YOUR OWN TAX AND/OR LEGAL PROFESSIONALS AS MANAGER DOES NOT RENDER OR OFFER TO RENDER SUCH ADVICE.

THE UNITS HAVE NOT BEEN REGISTERED WITH NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING HAS NOT BEEN APPROVED OR DISAPPROVED UNDER APPLICABLE STATE SECURITIES LAWS, BY THE STATE DEPARTMENT OF CORPORATIONS, SECURITIES REGULATION DIVISION ("DIVISION"), NOR HAS ANY DIVISION REVIEWED OR PASSED UPON THE ACCURACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO OR A SOLICITATION OF AN OFFER TO BUY FROM ANYONE IN ANY STATE OR IN ANY OTHER JURISDICTION WITHIN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

DURING THE COURSE OF THE OFFERING AND PRIOR TO SALE, EACH OFFEREE OF THE UNITS AND THE OFFEREE'S ADVISOR(S) ARE INVITED TO ASK QUESTIONS OF AND OBTAIN ADDITIONAL INFORMATION FROM THE MANAGER CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, THE COMPANY, THE DEBT TO BE OWED BY THE COMPANY AND ANY OTHER RELEVANT MATTERS (INCLUDING, BUT NOT LIMITED TO, ADDITIONAL INFORMATION TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH HEREIN), TO THE EXTENT THE MANAGER POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE. OFFEREE'S OR ADVISORS HAVING QUESTIONS OR DESIRING ADDITIONAL INFORMATION SHOULD CONTACT THE MANAGER.

THIS MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN. THIS MEMORANDUM CONTAINS SUMMARIES OF CERTAIN DOCUMENTS, THAT ARE BELIEVED TO BE ACCURATE, BUT REFERENCE IS HEREBY MADE TO THE ACTUAL DOCUMENTS, COPIES OF WHICH ARE ATTACHED HERETO OR ARE AVAILABLE AT THE OFFICE OF THE MANAGER, FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO. ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THIS REFERENCE, AND NOTHING IN THIS MEMORANDUM SHALL EXTEND THE LIABILITY UNDER ANY SUCH DOCUMENTS OF ANY OF THE PARTIES HERETO. ALL DOCUMENTS RELATING TO THE OFFERING WILL BE MADE AVAILABLE TO THE OFFEREE NAMED BELOW AND/OR HIS ADVISOR(S) UPON REQUEST.

ANY ADDITIONAL INFORMATION OR REPRESENTATIONS GIVEN OR MADE BY THE COMPANY OR THE MANAGER IN CONNECTION WITH THIS OFFERING, WHETHER ORAL OR WRITTEN, ARE SUPERSEDED IN THEIR ENTIRETY BY THE INFORMATION SET FORTH IN THIS MEMORANDUM AND ITS EXHIBITS (ALL OF WHICH ARE INCORPORATED HEREIN BY REFERENCE), INCLUDING, BUT NOT LIMITED TO, THE RISK FACTORS DESCRIBED HEREIN.

THE OFFERING CAN BE WITHDRAWN AT ANY TIME BEFORE CONSUMMATION AND IS SPECIFICALLY MADE SUBJECT TO THE CONDITIONS DESCRIBED IN THIS MEMORANDUM. IN CONNECTION WITH THE OFFERING AND SALE OF THE UNITS, THE MANAGER RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE UNITS SUBSCRIBED FOR BY SUCH PROSPECTIVE INVESTOR.

SINCE THERE ARE SUBSTANTIAL RESTRICTIONS ON THE TRANSFERABILITY OF THE UNITS, EACH OFFEREE MUST ASSUME THAT THE OFFEREE WILL BEAR THE ECONOMIC RISK OF THE OFFEREE'S INVESTMENT FOR AN INDEFINITE PERIOD. THE UNITS MAY NOT BE TRANSFERRED WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER. IN ADDITION, UNITS ARE NOT REGISTERED FOR SALE TO THE PUBLIC UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE AND THE UNITS MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF BY AN INVESTOR ONLY IF, AMONG OTHER THINGS, THE UNITS ARE REGISTERED OR, IN THE OPINION OF COUNSEL TO THE COMPANY, REGISTRATION IS NOT REQUIRED UNDER SUCH LAWS.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE USE OF PERSONS WHO MAY WANT TO PURCHASE UNITS AND DELIVERY THEREOF CONSTITUTES AN OFFER ONLY IF THIS MEMORANDUM WAS SENT TO PERSONS DIRECTLY FROM THE ISSUER OR ITS MANAGER AND IF THE PERSON SO NAMED MEETS THE SUITABILITY STANDARDS SET FORTH UNDER "QUALIFICATION OF INVESTORS." ANY DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THE INTENDED OFFEREE (OR TO THOSE INDIVIDUALS WHOM THE OFFEREE RETAINS TO ADVISE THE OFFEREE WITH RESPECT THERETO) IS UNAUTHORIZED AND ANY REPRODUCTION OF

THIS MEMORANDUM IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER, IS PROHIBITED.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED TO BE MADE IN THIS MEMORANDUM OR SHOULD BE INFERRED THEREFROM WITH RESPECT TO THE ECONOMIC RETURN OR THE TAX TREATMENT WHICH MAY ACCRUE TO THE INVESTOR. NO ASSURANCE CAN BE GIVEN THAT EXISTING TAX LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY, EITHER OF WHICH MAY DENY THE PROSPECTIVE INVESTORS ALL OR A PORTION OF THE TAX TREATMENT CONSIDERED HEREIN. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR INVESTMENT ADVICE. EACH INVESTOR SHOULD CONSULT PROSPECTIVE INVESTOR'S OWN ATTORNEY, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING A PURCHASE BY PROSPECTIVE INVESTOR OF A UNIT.

THE OFFERING OF THE UNITS MAY BE MADE USING THIS MEMORANDUM AND OTHER WRITTEN OR ELECTRONIC MATERIALS AUTHORIZED BY THE MANAGER. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR GIVE ANY INFORMATION WITH RESPECT TO THE UNITS OTHER THAN THE INFORMATION CONTAINED IN OR REFERRED TO IN THIS MEMORANDUM OR IN SUCH AUTHORIZED MATERIALS, AND ANY INFORMATION OR REPRESENTATIONS INCONSISTENT WITH THIS MEMORANDUM MAY NOT BE RELIED UPON. THIS MEMORANDUM CONSTITUTES THE CONTROLLING DISCLOSURE DOCUMENT FOR THE OFFERING OF THE UNITS.

## **FORWARD LOOKING STATEMENTS**

This Memorandum contains certain statements that are forward-looking statements within the meaning of the United States federal securities laws. These are statements about the Company's or Manager's, or Sponsor's expectations, beliefs, intentions or strategies for the future. Prospective Investors will be able to identify these types of statements since they are indicated by words or phrases such as "anticipate," "expect," "intend," "plan," "will," "Company believes," "Manager believes" and similar language. In addition, these statements may be qualified by certain risks, uncertainties and assumptions which are explained more fully in each particular case. The Company has based forward-looking statements on the expectations of information currently available to the Manager. The Company's actual results may differ materially from the results anticipated in the statements.

These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurances that such expectations will prove to be accurate. All phases of the Company's operations are subject to a number of uncertainties, risks and other influences, many of which are outside the control of the Company and cannot be predicted with any degree of accuracy.

In light of the significant uncertainties inherent in the forward-looking statements made in this Memorandum, the inclusion of such statements should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

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## GLOSSARY OF TERMS

“Accredited Investor” - the definition as computed under Rule 501(a) of Regulation D promulgated under the Act, which means any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse (or Spousal Equivalent), at the time of his purchase exceeds \$1,000,000 at the time of the purchase, excluding the value of the primary residence of such person. For purposes of this paragraph, “Spousal equivalent” shall be defined as cohabitant occupying a relationship generally equivalent to that of a spouse pursuant to Rule 501 of Regulation D;

2. Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

3. Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

4. Any entity in which all of the equity owners are accredited investors;

5. Any bank as defined in section 3(a)(2) of the Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Act; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

6. Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

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

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

9. A natural person holding, in good standing, one or more professional certifications, designations or other credentials issued by an accredited educational institution, which the Securities and

Exchange Commission may designate from time to time, as qualifying. Presently holders in good standing of the Series 7, Series 65, and Series 82 licenses will qualify as an accredited investor;

10. Natural persons who are "knowledgeable employees" as defined in Rule 3c-5(a)(4) under the Investment Company Act of 1940, of the private-fund issuer of the securities being offered or sold;

11. Entities, including, but not limited to, limited liability companies, of a type not listed in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) of Regulation D promulgated under the Act, not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5 million;

12. Securities and Exchange Commission and state-registered investment advisers, exempt reporting advisers, and rural business investment companies;

13. Indian tribes, governmental bodies, funds, and entities organized under the laws of foreign countries, that own "investments," as defined in Rule 2a51-1(b) under the Investment Company Act, in excess of \$5 million and that was not formed for the specific purpose of investing in the securities offered; and

14. Family offices (as defined in Rule 202(a)(11)(G)-1 under the Advisers Act with (i) assets under management in excess of \$5 million, (ii) that are not formed for the specific purpose of acquiring the securities offered and (iii) whose prospective investments are directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment;

"Acquisition Fee" - a one-time fee payable to the Manager in connection with the acquisition of an Investment, including the acquisition of any equity interest in an underlying fund or the origination or acquisition of any Note, in an amount equal to three and one-half percent (3.5%) of the total purchase price or principal amount, as applicable, of such Investment, payable at or about the time of closing.

"Act" or "Securities Act" - The Securities Act of 1933, as amended.

"Affiliate" - of a Member or Manager means any person, entity, or trust, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the Member or a Manager, as applicable. The term "control," as used in the immediately preceding sentence, means with respect to a corporation, limited liability company, limited life company or limited duration company (collectively, "Limited Liability Company"), the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or Limited Liability Company and, with respect to any individual, partnership, trust, estate, association or other entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

"Best Efforts" – the type of securities offering, Sponsor intends to conduct. Sponsor shall do the best it can to sell as much of the securities targets as possible but will commence operations as soon as the first Prospective Investor is accepted. Immediately upon Manager, at its sole discretion, making a determination that the Company has sufficient funds to have a viable real estate Company, Sponsor may use the proceeds to conduct operations including, but not limited to, paying 3<sup>rd</sup> party vendors, such as architects, SEC attorneys, real estate attorneys, etc.

“Capital Contributions” - with respect to any Class A Member, the amount of cash actually contributed to the Company by such Class A Member.

“Capital Transaction Event” - any sale, exchange, transfer, disposition, refinancing, recapitalization, casualty, condemnation, or other capital transaction involving any Investment or Property, or any portion thereof, including any transaction that results in the receipt of capital proceeds by the Company other than ordinary-course operating cash flow.

“Class A Member(s)” - each Person admitted to the Company as a Class A Member pursuant to this Agreement and listed on *Exhibit 1*. All Class A Members shall rank pari passu with respect to all rights, obligations, and economic interests under this Agreement.

“Class B Member” - the holder of Class B Membership Units. The Class B Member is Direct Equity Source, LLC, (via its principal, Stephen Lawrence).

“Company” - this limited liability company: DES Storage Income Fund II, LLC, a Wyoming limited liability company.

“Fixed Return” or “12% Fixed Return” - the Fixed Return allocated to the Class A Members representing a non-compounded, cumulative, per annum return of twelve percent (12%) based on such Members’ Unreturned Capital Contributions. The 12% Fixed Return shall be paid from Net Cash Flow on an annual basis, in January of each year, pro rata among the Class A Members. The 12% Fixed Return is not guaranteed and shall be paid only to the extent the Company has sufficient Net Cash Flow, as determined by the Manager in its sole discretion. Any unpaid amounts shall accrue and carry forward to subsequent distribution periods until paid in full. No Net Cash Flow shall be allocated or distributed to the Class B Member unless and until the Class A Members have received the accrued and unpaid 12% Fixed Return.

“Fund Criteria” - the investment parameters and guidelines established by the Manager for the deployment of the Company’s capital, which are intended to focus the Company’s activities within the self-storage and real estate-related asset class and related strategies, while preserving broad discretion for the Manager. Although the Fund may primarily focus on self-storage related investments, the Fund may invest in any real estate related assets, including RV parks, car washes, etc. Investments satisfying the Fund Criteria may include, without limitation:

- (a) direct or indirect investments, including through pooled investment vehicles, funds, or fund-of-funds structures, whose primary focus is self-storage, self-storage-related, or other real estate-related assets or strategies, in each case through any form of investment, including equity investments, preferred equity investments, mezzanine investments, or debt investments (including convertible or participating debt);
- (b) Investments that are acquired, contributed, assigned, or otherwise transferred to the Company from one or more affiliated entities, including prior funds or vehicles managed or sponsored by the Manager or its affiliates, including Investments that were originated, acquired, or funded prior to the admission of certain Members to the Company.
- (c) high-yield, short-term notes, loans or similar debt instruments originated, acquired or participated in by the Company, whether or not secured by self-storage or real estate assets,

including loans made to third-party borrowers for business or real estate purposes, which are intended to generate current income for the Company.

- (d) joint ventures, co-investments or similar arrangements with third-party operators, developers or sponsors whose business activities are directly or indirectly related to the self-storage and real estate industry;
- (e) the acquisition, ownership, development, redevelopment, expansion, repositioning, leasing, operation, management, financing, refinancing and disposition of self-storage facilities and assets customarily associated with or supportive of the self-storage business, as well as real estate assets;
- (f) investments in land intended for the development, expansion or future use as self-storage facilities or other real estate assets, including raw land, entitled land and partially improved parcels; and
- (g) investments involving additional construction, phased development, expansions or ancillary improvements related to existing or future self-storage facilities or real estate assets;

The Fund Criteria are intended to be interpreted broadly to permit the Company to pursue a wide range of investment structures, asset types and transaction forms, so long as the Manager determines in good faith that such investments are consistent with the Company's overall investment objectives and risk profile. No single investment or category of investments shall be required to meet all elements of the Fund Criteria, and the Manager shall have sole discretion to determine whether any proposed investment satisfies the Fund Criteria.

“Investment” - any asset, real property, interest, instrument, or other investment acquired, held, or made by the Company, whether directly or indirectly and in accordance with the Fund Criteria, including, without limitation, (i) direct or indirect interests in real property, (ii) equity or other ownership interests in any entity, fund, or joint venture, and (iii) loans, notes, or other debt instruments, whether originated by the Company or acquired, contributed, assigned, or otherwise transferred to the Company from one or more affiliated entities, including prior funds or vehicles managed or sponsored by the Manager or its affiliates.

“IRA” – an individual retirement account.

“Manager” - this Company's Manager: Direct Equity Source, LLC, the Sponsor.

“Memorandum” - this Private Placement Memorandum.

“Member(s)” – the holder of Class A Membership Units, and/or Class B Membership Units

“Membership Unit” or “Unit” - the interest of a Class A or Class B Members, including the right to receive allocations of profits, distributions of available cash (including Net Cash Flow from Operations and Net Proceeds from Sale or Refinance), and the return of capital contributions, together with all rights, powers, and privileges set forth in the Operating Agreement.

“Net Capital Proceeds” means with respect to any Capital Transaction Event, the gross cash proceeds received by the Company from such Capital Transaction Event, less (i) all costs and expenses incurred in connection with such Capital Transaction Event (including, without limitation, transaction costs, brokerage commissions, legal and accounting fees, and transfer taxes), (ii) repayment of any indebtedness secured by the applicable Investment (including accrued interest, fees, and prepayment penalties), and (iii) any reserves established by the Manager in its sole discretion in connection with such Capital Transaction Event.

“Net Cash Flow” means, for any period, all cash receipts of the Company from any source, excluding Net Capital Proceeds, including, without limitation, cash derived from Investments, Notes, underlying funds, joint ventures, or other assets, proceeds from the refinancing of indebtedness, proceeds from the sale or other disposition of any Investment (or any portion thereof), and any return of Reserves, less all cash expenditures and reserves for such period, including, without limitation, (i) operating and administrative expenses of the Company, (ii) debt service, including principal, interest, and any other amounts payable to lenders, (iii) capital expenditures and other expenditures incurred in the ordinary course of business, (iv) sales commissions, transaction fees, and closing costs, (v) loan origination, servicing, or refinancing fees, (vi) additions to Reserves as determined by the Manager in its sole discretion, and (vii) any other obligations or expenditures of the Company deemed necessary or appropriate by the Manager. Amounts withdrawn from Reserves shall be included in Net Cash Flow for the applicable period.

“Notes” - means the promissory notes, loan agreements, or other evidences of indebtedness originated, acquired, or held by the Company in connection with its lending activities, including, without limitation, loans made to third-party borrowers for the acquisition, renovation, development, or resale of real property (including fix-and-flip transactions), together with all related security instruments, guarantees, collateral assignments, and other loan documents.

“Offer” or “Offering” – the offer to sell Class A Membership Units in the Company.

“Operating Agreement” or “Agreement” - the Company First Amended and Restated Operating Agreement, attached hereto as Exhibit A, or as hereafter amended.

“Percentage Interest” - the allocable interest of each Member in the income, gain, loss, deduction or credit of the Company, as set forth in the Operating Agreement.

“Person(s)” - a natural person or any partnership (whether general or limited and whether domestic or foreign), limited liability company, foreign limited liability company, limited life company, limited duration company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity or any other entity.

“Project” - the proposed business of the Company (i.e., acquisition of the Investments pursuant to the Fund Criteria and subsequent operations and selling any Investment for a profit).

“Property” or “Properties” means any real property that is (i) directly owned by the Company, or (ii) serves as collateral securing a Note or other debt instrument held by the Company, including any real property acquired by the Company through foreclosure, deed in lieu of foreclosure, or similar enforcement action.

“Prospective Investor(s)” – Accredited Investor(s) interested in the purchase of Class A Membership Units.

“Reserves” - any funds set aside by the Manager, in its sole discretion, for Company purposes, including, without limitation, reserves for operating expenses, working capital, capital improvements, anticipated liabilities, taxes, debt service, and any other obligations of the Company.

“Sanctioned Country” or “Sanctioned Countries” – a country or countries identified by the U.S. Department of Treasury’s Office of Foreign Assets Control that is subject to a sanctions.

“Sponsor” – Direct Equity Source, LLC, (through its principal, Stephen Lawrence.)

“Unreturned Capital Contribution” - Class A Members’ Capital Contributions minus any return of capital made to such Class A Member. In this Offering, Sponsor has elected to treat Class A Members’ Fixed Return as return on investment, but Net Cash Flow distributions as return of capital, thereby reducing such Class A Members’ Unreturned Capital Contribution.

## SUMMARY OF THE OFFERING

This summary of certain provisions of the Memorandum is intended only for a quick reference and is not intended to be complete. This Memorandum describes in detail numerous aspects of the transaction, which are material to Prospective Investors, including those summarized below, and this Memorandum and the accompanying Exhibits must be read in their entirety by reference to the full text of this Memorandum and the underlying documents.

### **The Offering**

DES Storage Income Fund II, LLC (the “Company”) is offering an aggregate of up to thirty thousand (30,000) Class A Membership Units (the “Units”) at a purchase price of One Thousand Dollars (\$1,000) per Unit, for gross offering proceeds of Thirty Million Dollars (\$30,000,000). The minimum investment required of a prospective investor will be \$100,000. Class A Members will own ninety percent (90%) of the Company and Class B Member (the Sponsor) will own ten (10%) of the Company.

### **Purpose of the Offering**

The purpose of this Offering is to raise capital for the acquisition, improvement, and management of the Investments that meet the Company’s defined Fund Criteria. The Company intends to implement several investment strategies designed to increase occupancy, improve operational efficiencies, enhance net operating income, and maximize value of each acquired Investment.

### **Fund Criteria**

A full description of the Fund Criteria is set forth in the definition section. In summary, the Company intends to focus on making Investments that are consistent with the Fund Criteria, which may include, without limitation, (i) direct or indirect equity investments in self-storage facilities and self-storage–related assets, and real

estate-related assets, or strategies, including through pooled investment vehicles, funds, fund-of-funds structures, joint ventures, or similar arrangements, and (ii) the origination, acquisition, or participation in loans, notes, or other debt instruments secured by, or relating to, self-storage or self-storage-related real estate or real estate assets in general. Investments may involve stabilized or value-add assets, development or redevelopment opportunities, or other strategies designed to generate current income, capital appreciation, or a combination thereof, and may be structured across various positions in the capital stack, including equity, preferred equity, mezzanine, or debt, as determined by the Manager in its discretion.

**Capital Commitment** Sponsor has underwritten the Project with a capital requirement of \$30,000,000 but reserves the right to raise more if Manager so deems.

**Minimum Investment** \$100,000

**Manager** Direct Equity Source, LLC.

**Eligible Investors** The Company will accept Accredited Investors only who are individuals, entities, trusts, IRAs and other retirement plans. (See Qualification and Suitability of Investors)

**Fees** The Fund will not be charged an Annual Management Fee. The Manager or its Affiliates shall only collect the Acquisition Fee, in addition to the ten percent (10%) carried interest.

**Allocation of Benefits**

Net Cash Flow From Operations: All Net Cash Flow shall be distributed annually, in January of each year.

(a) First, 100% of Net Cash Flow shall be allocated and distributed to Class A Members, *pari passu* and pro rata until Class A Members have received their Annual 12% Fixed Return;

(b) Second, to the extent additional Net Cash Flow is available for distribution the any remaining Net Cash Flow shall be distributed 90% to Class A Members and 10% to Class B Member.

Net Capital Proceeds From Capital Transaction Event: All Net Capital Proceeds shall be distributed annually, in January of each year.

Upon the occurrence of a Capital Transaction Event with respect to any Investment, the Net Capital Proceeds shall be applied as follows:

- (a) First, the portion of such Net Capital Proceeds that represents a return of the Company's invested capital in such Investment (the "Return of Capital") shall be applied, pari passu and pro rata, to reduce the Class A Members' Unreturned Capital Contributions.

Any amounts applied as a Return of Capital shall not be distributed and shall be retained by the Company for reinvestment in accordance with the Fund Criteria.

- (b) Second, the remaining portion of such Net Capital Proceeds, if any, representing profits from such Investment, shall be distributed ninety percent (90%) to the Class A Members and ten percent (10%) to the Class B Member, in accordance with the distribution waterfall.

### **Risk Factors**

The purchase of the Membership Units involves a high degree of risk to the Prospective Investor including certain risks relating to regulatory, operating, tax and investment matters. (See "RISK FACTORS.") A decision to invest in the Units should be reached only after carefully reading this entire Memorandum, including its Exhibits.

### **Operating Agreement**

Each Prospective Investor will be admitted as a Class A Member of the Company upon acceptance into the Company by the Manager. All Members will be required to execute the Operating Agreement, which will be executed, upon the admission of the first Member to the Company, by the Class B Member.

## **QUALIFICATION AND SUITABILITY OF INVESTORS**

### **Prospective Investors May Be Accredited Investors Only**

For U.S. Prospective Investors, this Offering is limited to Accredited Investors only. In addition, pursuant to Regulation D of the Securities Act, Rule 506C, Sponsors must take reasonable steps to verify that each potential investor meets the criteria for accredited investor status. This verification process is essential to ensure compliance with federal securities laws and to maintain the integrity of the offering.

### **Verification Process**

The Company will require Prospective Investors to utilize the services of an approved third-party verification company in order to verify accreditation status. Following are the verification avenues available pursuant to the Rule 506C of Regulation D:

1. **Income Verification:** For investors qualifying based on income, the third-party Verification Company will review Internal Revenue Service (IRS) forms that report income, such as Forms

W-2, 1099, Schedule K-1, and Form 1040, for the two most recent years. Additionally, the third-party Verification Company will obtain a written representation from the investor confirming a reasonable expectation of reaching the necessary income level in the current year.

2. **Net Worth Verification:** For investors qualifying based on net worth, the third-party Verification Company will review documentation dated within the prior three months, including bank statements, brokerage statements, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties. To assess liabilities, a credit report from at least one nationwide consumer reporting agency may be reviewed. The investor will also provide a written representation confirming that all liabilities necessary to make a determination of net worth have been disclosed.
3. **Third-Party Confirmation:** As an alternative to these 2 methods, the third-party Verification Company may obtain written confirmation/verification from your certified public accountant (or a registered broker-dealer, an SEC-registered investment adviser, or a licensed attorney) that you are accredited.

### **Prospective Investor May Not Be a Bad Actor**

Prospective Investors may be subject to additional information requests and certifications based on the SEC's "bad actor" rules that would disqualify securities offerings from the Rule 506 exemption if an issuer or other relevant persons have been convicted of, or are subject to court or administrative sanctions for, securities fraud or other violations of specified laws. Relevant persons includes "any affiliated issuer; any director, executive officer, other officer participating in the offering, general partner or managing member of the issuer; *any beneficial owner of 20% or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power*; any promoter connected with the issuer in any capacity at the time of such sale; any investment manager of an issuer that is a pooled investment fund; any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with such sale of securities; any general partner or managing member of any such investment manager or solicitor; or any director, executive officer or other officer participating in the offering of any such investment manager or solicitor or general partner or managing member of such investment manager or solicitor."

### **Types of Investors**

Prospective Investors may be individuals, entities, trusts, IRAs, or other retirement plans. Although the Employment Retirement Income Security Act of 1974 ("ERISA") generally states that benefit plans that own, in the aggregate, more than twenty five percent (25%) or more of the Percentage Interest in the Company, may be subject to the "Plan Asset Rules" (which could subject the Company to additional fiduciary responsibilities and reporting requirements). Sponsor believes that the Company is not subject to the "Plan Asset Rules" or is exempt from them since the Company, among other things, is primarily engaged in the business of real estate investing.

### **1031 Tax-Deferred Exchange**

Prospective Investors who are looking to exchange current real estate for Membership Units are not eligible for this Offering if they intend to use 1031 tax-deferred exchange proceeds as it is likely that

the IRS will not consider the Membership Units a “like-kind exchange” as required under the Internal Revenue Code.

The Units being offered herein are considered by the IRS as personal property/partnership interests, which are not suitable for 1031 exchange. Investors seeking to do a 1031 exchange should not invest in this Offering.

### **AML- USA PATRIOT ACT**

Federal law requires Manager to obtain, verify, and record information that identifies each Person who subscribes to the Offering. (See **Exhibit “C”**: Subscription Agreement). This information will assist the Manager in ensuring that Prospective Investor in not engaging in any money laundering activities and assist the government fight the funding of terrorism.

### **Representations and Warranties**

Investment in the Units involves substantial risk and is suitable only for persons of financial means who have provided for liquidity in their other investments. The representations made by, and the information provided by, each Prospective Investor will be reviewed to determine his, her or its suitability and eligibility, and the Company will have the unfettered right to refuse a subscription for Units if, in its sole discretion, it believes that the Prospective Investor does not meet the applicable suitability requirements or the Units are otherwise an unsuitable investment for the Prospective Investor.

Each Prospective Investor must also satisfy the Manager that the Prospective Investor can bear a total loss of investment. Manager will also require the Prospective Investors to represent that the Prospective Investors are acquiring the Units for investment and for their own account, and not with a view to resale or distribution. Prospective Investors are purchasing restricted securities and the resale of the Units is subject to extensive restrictions (see “RESTRICTIONS ON TRANSFER”). It is not expected that any public market for the resale of the Units will develop.

## **THE COMPANY**

DES Storage Income Fund II, LLC, (the "Company"), was formed on December 22, 2025, when its Articles of Organization were filed with the Wyoming Secretary of State's Office pursuant to the Wyoming Limited Liability Act, as amended. The Company has yet to commence operations. The address of the Company shall be located at 30 N Gould St Ste R Sheridan, Wyoming 82801.

## **THE OFFERING**

### **General**

This Private Placement Memorandum describes an Offering to Prospective Investors of Membership Units in DES Storage Income Fund II, LLC, a limited liability company formed under the state laws of Wyoming. An aggregate of thirty thousand (30,000) Class A Membership Units are being offered for a purchase price of \$1,000 per Unit. The Units are offered on a Best Efforts basis and is scheduled to close only upon Manager’s sole discretion.

There shall be two (2) Classes of Membership Units:

Class A Members, who will own 90% of the Company; and

Class B Member is Direct Equity Source, LLC, the Manager, who will own the remaining 10% of the Company.

Sponsor will also receive the Acquisition Fee.

Prospective Investors will be admitted as Class A Members upon admission to the Company by the Manager which shall be deemed effective upon the Manager's execution of the Subscription Agreement in the form attached hereto as Exhibit C.

Upon the making of such contributions, such amounts shall be credited to the Members' respective Capital Accounts. Each Member understands and assumes the risk of investing in the Company and shall be without recourse, including against the Company's assets, should he lose his investment. The Manager shall have discretion as to the date at which the subscriptions for Class A Membership Units shall be closed.

The minimum Capital Contribution shall be one hundred thousand dollars (\$100,000), although the Manager retains sole discretion to allow a lower initial investment. The securities shall be considered sold to the Prospective Investors on the date Manager accepts and countersigns the Subscription Agreement attached hereto as Exhibit "C."

The day-to-day operations of the Company will be run by Direct Equity Source, the Manager, and therefore the Class A Members will have no or extremely limited input in this Project. This is truly a passive investment for Class A Members.

The purpose of this Offering is to raise capital to enable the Company to make Investments in accordance with the Fund Criteria, including the acquisition of direct and indirect interests in assets and strategies within the self-storage sector specifically, and real estate assets, more generally, the origination or acquisition of loans and other debt instruments, and the acquisition of Investments from affiliated entities. The Company intends to manage, hold, dispose of, refinance, or otherwise realize value from such Investments in a manner intended to generate income and capital appreciation. There can be no assurance that these objectives will be achieved.

The Prospective Investors' Capital Contributions will be deposited into a segregated checking account. All compensation to the Manager and its Affiliates will be paid from the account, as well as reimbursable expenses relating to the Offering, including legal, accounting and printing costs.

The Company and/or the Manager may, in their sole discretion, enter into side letters or similar agreements with certain investors that provide for rights, preferences, or economic terms that are different from, or in addition to, those set forth in this Offering. Any such side letters may include, without limitation, variations in fees, reporting, information rights, or other administrative or economic provisions. The Manager may enter into such side letters without the consent of any other investors, provided that such side letters do not materially and adversely affect the interests of the investors as a whole, except as otherwise permitted under the Operating Agreement.

## **Fund Criteria**

The Company's Investments will be made in accordance with the Fund Criteria, as defined in the Definitions section of this Memorandum.

## **Allocations and Distributions From Operations**

First, 100% of Net Cash Flow shall be allocated and distributed to Class A Members, *pari passu* and pro rata until Class A Members have received their 12 % Annual Fixed Return;

Second, to the extent additional Net Cash Flow is available for distribution the any remaining Net Cash Flow shall be distributed 90% to Class A Members and 10% to Class B Member.

## **Allocations and Distributions From Capital Transaction Events**

Upon the occurrence of a Capital Transaction Event with respect to any Investment, the Net Capital Proceeds shall be applied as follows:

First, the portion of such Net Capital Proceeds that represents a return of the Company's invested capital in such Investment (the "Return of Capital") shall be applied, *pari passu* and pro rata, to reduce the Class A Members' Unreturned Capital Contributions. Any amounts applied as a Return of Capital shall not be treated as distributions and shall be retained by the Company for reinvestment in accordance with the Fund Criteria.

Second, the remaining portion of such Net Capital Proceeds, if any, representing profits from such Investment, shall be distributed ninety percent (90%) to the Class A Members and ten percent (10%) to the Class B Member, in accordance with the distribution waterfall.

## **Depreciation**

To the extent appropriate with its direct investments in Property, the Company intends to accelerate depreciation by electing to perform a cost segregation study to identify land improvements and personal property associated with the Properties. As of 2025, under current federal tax law, bonus depreciation has been restored to 100%. This means the Company may be able to immediately deduct 100% of the cost basis of eligible personal property and land improvements in the year they are placed in service, subject to IRS guidelines and applicable tax limitations.

## **Exempt Offering**

This Offering is not a registered offering under federal securities laws. It is being conducted pursuant to the exemptions from registration provided by Rule 506(c) of Regulation D promulgated thereunder.

The Company will only offer and sell Membership Units to persons who are "Accredited Investors," as defined in Rule 501(a) of Regulation D, and who satisfy the Company's suitability standards, which may be determined by the Manager in its sole and absolute discretion. Such investors

must represent that they are acquiring the Units for investment purposes only and not with a view to resale or distribution.

This Offering is also being made in strict compliance with applicable state and foreign securities laws. All Units are offered subject to prior sale, when, as, and if issued, and subject to the right of the Manager to reject any subscription, in whole or in part, in its sole discretion.

## **BUSINESS DESCRIPTION**

The Company was formed to implement an investment strategy focused on making Investments in accordance with the Fund Criteria, as described herein. The Company intends to deploy capital across a diversified portfolio of Investments primarily within the self-storage sector and secondarily in real estate assets in general, and related strategies, which may include direct and indirect equity interests in operating companies or pooled investment vehicles, joint ventures, and the origination or acquisition of loans, notes, or other debt instruments.

The Company's investment activities may include the acquisition of newly originated Investments as well as the acquisition, assumption, or contribution of existing Investments from affiliated entities, including prior funds or vehicles managed or sponsored by the Manager or its affiliates. Such Investments may be at various stages of maturity and may have differing risk, return, and liquidity characteristics.

The Manager will have broad discretion to evaluate, select, structure, manage, hold, refinance, reposition, or dispose of Investments in a manner intended to generate current income, capital appreciation, or a combination thereof. The Company may engage in capital recycling by retaining and reinvesting returned capital into additional Investments, as described in this Memorandum, rather than distributing such amounts to Members.

Investors should carefully review the Risk Factors section of this Memorandum for disclosures specific to the Company's business plan and investment strategy.

## **MANAGER**

The Class B Member may appoint the Manager of the Company to supervise day-to-day operations of the Company. In no instance shall there be less than one Manager. The Class B Member has chosen Direct Equity Source, LLC, the Sponsor, to be the Manager of the Company. As such, the Manager has the power and authority, on the Company's behalf and in its name, to manage, administer, and operate the Company's day-to-day business affairs, and to do or cause to be done on behalf of the Company anything necessary or appropriate for the same, including but not limited to the powers and authority set forth in the Operating Agreement. The Manager's power and authority is subject to the limitations set forth in the Operating Agreement. The Manager shall serve as Manager until resignation or its successors are appointed by the Members as provided in the Operating Agreement.

## **COMPENSATION AND FEES TO THE MANAGER AND AFFILIATES**

The Company shall reimburse the Manager, and any of its Affiliated entities, for any direct funds or expenses advanced by it prior to or after formation of the Company to the extent that such expenses are incurred or paid on behalf of the Company.

The Manager and its Affiliates shall also be entitled to collect the Acquisition Fee.

As noted in the Offerings section above, Class B Member, an Affiliate of Sponsor, will also participate in the Net Cash Flow and Net Capital Proceeds from Capital Transaction Events.

## **ROLLOVER OF INVESTMENTS WITH PRIOR FUND**

Prior to the formation of the Company, the Manager and its Affiliates sponsored and managed DES Storage Income Fund, LLC (“Fund I”), which pursued investment strategies similar to those of the Company.

The Company expects to acquire, assume, or be contributed the investments and assets from Fund I. As a result, a portion of the Company’s portfolio will consist of assets that were originally acquired or originated by Fund I. Such assets may have been acquired under different market conditions, may have different performance characteristics than newly originated investments, and may involve risks or outcomes that are not yet realized.

In connection with the formation of the Company, existing investors in Fund I have been offered the opportunity to exchange or roll over all or a portion of their interests in Fund I for membership interests in the Company (the “Rollover”). The terms of any such Rollover, including the valuation of Fund I interests and the number of Units to be issued by the Company, will be determined by the Manager.

The Manager and its Affiliates are responsible for managing both Fund I and the Company and will determine the terms of the Rollover, including valuation and allocation of interests. Accordingly, these transactions may involve conflicts of interest. The terms of any Rollover will not be the result of arm’s-length negotiations, and no independent third-party valuation is required to be obtained. The value assigned to Fund I interests in connection with any Rollover may differ from the value that could be obtained in a market transaction, if any.

Prospective investors should also be aware that the offering documents, disclosures, and communications provided in connection with Fund I may differ in scope, detail, and content from those provided in this Memorandum. This Memorandum has been prepared to provide a more comprehensive description of the Company, its structure, risks, and conflicts of interest.

New investors in the Company will not participate in any Rollover but will be indirectly exposed to the investments acquired from Fund I or other affiliated entities and the risks associated therewith.

## RISK FACTORS

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

### I.

#### **Risks Related to the Offering and Blind Pool Structure**

##### ***Blind Pool and Investment Discretion Risks***

This Offering is structured as a blind pool investment. Although the Manager has established Fund Criteria governing the types of Investments the Company may make, no specific Investments have been identified as of the date of this Memorandum, except for the Investments the Company intends to acquire from its Affiliated fund, DES Storage Income Fund, LLC.

Accordingly, Prospective Investors will not have the opportunity to evaluate, approve, or reject any particular Investment prior to making an investment in the Company and must rely entirely on the Manager's judgment and discretion in identifying, underwriting, structuring, acquiring, financing, managing, and disposing of Investments.

There can be no assurance that Investments consistent with the Fund Criteria will be identified, acquired, or successfully implemented, or that any Investment will achieve its anticipated results. The failure of one or more Investments to perform as expected, particularly prior to the achievement of portfolio diversification, could materially and adversely affect the Company's results.

##### ***No Assurance of Deployment Timing***

The Company has not established a fixed timetable for the deployment of capital raised in this Offering. As a result, capital contributions may remain uninvested for extended periods of time, during which investors may not receive distributions or returns on their invested capital. Delays in sourcing, underwriting, or closing Investments may adversely affect the Company's ability to achieve its investment objectives and may result in lower returns than anticipated.

##### ***Discretion in Investment Selection and Allocation***

The Manager will have broad discretion with respect to the selection, structuring, allocation, and disposition of Investments, including discretion to allocate capital among various strategies permitted by the Fund Criteria, to determine the timing and size of Investments, and to determine whether to invest directly or indirectly through pooled investment vehicles, joint ventures, or other arrangements. Investors will have no right to participate in or approve these

decisions, and there can be no assurance that the Manager's investment decisions will be successful or consistent with the expectations or risk tolerance of any particular investor.

### ***Rollover of Investments From Prior or Affiliated Funds***

The Company intends to acquire, assume, or be contributed Investments from a prior Affiliated fund previously managed or sponsored by the Manager or its Affiliates. Such Investments may have been originated or acquired prior to Class A Member's admission to the Company and may differ in risk profile, performance characteristics, duration, liquidity, or valuation from newly originated Investments. The Manager will have discretion to determine whether, when, and on what terms such Investments are transferred to the Company, and investors will have no ability to evaluate, approve, or decline any such Investments. There can be no assurance that rolled-over Investments will perform as anticipated or will not adversely affect the Company's overall performance.

### ***Capital Recycling and Reinvestment Risk***

The Company may retain and reinvest capital returned in connection with a Capital Transaction Event rather than distributing such amounts to investors. Reinvestment of capital may extend the period during which investors' capital is at risk, delay liquidity, and expose investors to subsequent Investments that may have different risk, return, or duration characteristics than the original Investment. Investors will have no right to opt out of reinvestment decisions and must rely entirely on the Manager's judgment in redeploying recycled capital in accordance with the Fund Criteria.

### ***Lack of Investor Control***

Investors in the Company will be passive Class A Members and will not participate in the day-to-day management, decision-making, or selection of Investments. All authority with respect to the Company's operations and Investments is vested exclusively in the Manager, including discretion to acquire or assume Investments from Affiliated funds, select future Investments, allocate capital among permitted strategies, reinvest capital, incur indebtedness, modify the Company's strategy, or dispose of Investments. The lack of investor consent over these matters increases the risk that the Company's actions may not align with the preferences, expectations, or risk tolerance of any particular investor.

### ***Diversification and Concentration Risk***

Although the Company may invest through a variety of investment structures, vehicles, and strategies, the Company's Investments will be concentrated primarily within the self-storage sector and related assets or strategies, and secondarily in real estate assets, in general. As a result, the Company's performance will be highly dependent on conditions affecting the self-storage and real estate industry, and adverse developments impacting that sector could have a disproportionate effect on the Company and its investors. While the Company may achieve diversification across investment types, sponsors, borrowers, geographic markets, or stages of investment, such diversification may not mitigate the risks associated with concentration in a single asset class or industry. Accordingly, factors that negatively affect the self-storage and/or real estate sector

generally may adversely impact multiple Investments simultaneously, regardless of differences in structure or investment approach.

## II.

### **Risks Related to the Company's Investment Strategy**

#### ***A. Fund-of-Funds and Indirect Investment Risks***

A substantial portion of the Company's Investments is expected to consist of indirect interests in pooled investment vehicles, funds, or fund-of-funds structures managed by third-party sponsors (the "Underlying Funds"). Investments in Underlying Funds differ materially from direct ownership of real estate or other assets and expose the Company and its investors to risks unique to a fund-of-funds structure. These risks include reliance on third-party managers, limited control and transparency, layered fees and expenses, liquidity constraints, valuation uncertainty, and potential conflicts of interest.

#### ***Rollover of Investments From Prior Fund and Related Conflicts***

The Company intends to acquire, assume, or be contributed certain Investments from DES Storage Income Fund, LLC, an Affiliated fund previously managed or sponsored by the Manager. Such Investments may have been originated or acquired prior to a Class A Member's admission to the Company and may differ in risk profile, performance characteristics, duration, liquidity, valuation methodology, or return expectations from newly originated Investments. The Manager will have discretion to determine whether, when, and on what terms such Investments are transferred or contributed to the Company, and such transactions may involve conflicts of interest and may not be negotiated on an arm's-length basis. In addition, valuations of such Investments may be determined by the Manager and may differ from values that would be assigned by an independent third party. Prospective Investors will have no ability to evaluate, approve, or decline any such Investments, and there can be no assurance that Investments acquired from Fund I or other affiliates will perform as anticipated or will not adversely affect the Company's overall performance.

#### ***Lack of Control and Transparency***

When the Company invests in Underlying Funds, it will typically do so as a limited partner, non-managing member, or similar passive investor without control rights. The Company will not direct or control the operations, strategies, investment decisions, use of leverage, or disposition timing of the Underlying Funds and must rely entirely on the judgment, competence, and integrity of third-party sponsors and managers. Such managers may pursue strategies, incur expenses, or make decisions that differ from the Company's expectations or that prove unsuccessful. In addition, the Company may have limited or delayed access to information regarding the performance, holdings, risks, or financial condition of the Underlying Funds, which may restrict the Company's ability to monitor performance or respond to adverse developments in a timely manner.

### ***Reliance on the Manager's Due Diligence***

The success of the Company's investments in Underlying Funds will depend significantly on the Manager's ability to identify, evaluate, and select third-party sponsors and their respective investment opportunities. In conducting due diligence, the Manager will assess factors such as the sponsor's experience and track record, investment strategy, underwriting assumptions, fee structure, and risk profile. There can be no assurance that the Manager's due diligence process will identify all material risks or that selected Underlying Funds will perform as expected. The Manager does not intend to retain a third-party due diligence firm and will rely primarily on its own expertise and judgment. Any failure by the Manager to identify deficiencies in an underlying sponsor's strategy, operations, or integrity could result in losses to the Company.

### ***Layered Fees and Expenses***

Investments in Underlying Funds generally bear management fees, performance allocations, incentive fees, and operating expenses at the underlying fund level. These fees and expenses are in addition to the Acquisition Fee and expenses payable by the Company, resulting in multiple layers of fees. The aggregate effect of fees and expenses at both the Company and Underlying Fund levels may materially reduce, or in some cases eliminate, net returns to investors, even if the Underlying Funds generate positive gross performance.

### ***Liquidity and Redemption Restrictions***

Underlying Funds may impose restrictions on withdrawals or redemptions, including lock-up periods, advance notice requirements, withdrawal gates, or suspension of redemptions during periods of market stress or adverse conditions. As a result, the Company may be unable to access invested capital when desired or required to fund operations, make distributions, or reallocate capital to other Investments. Illiquidity at the Underlying Fund level may materially and adversely affect the Company's liquidity, cash flow, and overall performance.

### ***Valuation and Reporting Risk***

The Company must rely on valuations, financial statements, and other information provided by Underlying Funds. Such information may be unaudited, delayed, incomplete, or prepared using valuation methodologies that are subjective and may not reflect realizable market value. Because the Company does not control the preparation of such information, there can be no assurance that reported valuations will be accurate or timely. Inaccurate or delayed valuations may result in misstatements of asset value or performance and could adversely affect investment decisions, capital allocation, or distributions.

### ***Conflicts of Interest***

The Manager and its Affiliates may have existing or future relationships with sponsors or managers of Underlying Funds. In addition, an affiliate of the Manager may receive advisory or similar fees in connection with the Company's investments in Underlying Funds. These relationships and compensation arrangements may create actual or perceived conflicts of interest

in the evaluation, selection, monitoring, or disposition of Underlying Fund Investments. Although the Manager will seek to identify and manage such conflicts, there can be no assurance that conflicts will be resolved in favor of the Company or its investors.

## **B. Risks Associated With Lending and Note Investments**

A substantial portion of the Company's Investments may consist of the origination, acquisition, or participation in the Notes. While such Investments are intended to generate current income and provide more predictable cash flow than equity Investments, lending activities involve significant risks that could materially and adversely affect the Company's performance.

### ***Borrower Credit and Default Risk***

The Company's returns from Notes depend on the ability and willingness of borrowers to meet their debt service obligations. Borrowers may experience financial distress, operational difficulties, market downturns, or other adverse events that impair their ability to repay principal or interest when due. In the event of a borrower default, the Company may experience delays in payment, incur additional costs, or suffer partial or total loss of the invested capital. There can be no assurance that any borrower will perform as anticipated or that defaults will not occur.

### ***Collateral Valuation and Market Risk***

Notes may be secured by the Properties or other collateral; however, the value of such collateral may decline due to market conditions, property-specific issues, changes in zoning or use, environmental conditions, or other factors beyond the Company's control. The value of collateral at the time of enforcement may be insufficient to satisfy the borrower's obligations in full, particularly after accounting for enforcement costs, accrued interest, and expenses. In some cases, Notes may be unsecured or under secured, increasing the risk of loss.

### ***Enforcement, Foreclosure, and Workout Risk***

In the event of borrower default, the Company may be required to pursue foreclosure, enforcement, restructuring, or workout remedies. Such processes may be time-consuming, costly, and subject to legal, regulatory, or practical impediments, including borrower bankruptcy proceedings or jurisdiction-specific foreclosure requirements. The Company may incur legal fees, carrying costs, property management expenses, or other liabilities during enforcement, and there can be no assurance that enforcement efforts will result in full recovery of principal or interest.

### ***Prepayment, Extension, and Reinvestment Risk***

Borrowers may have the ability to prepay Notes prior to maturity, which may reduce the amount of interest income received by the Company and require the Company to reinvest principal in new Investments that may have different risk or return characteristics. Conversely, borrowers may seek extensions or modifications of loan terms, particularly in adverse market conditions, which may delay repayment or increase exposure to market risk. There can be no assurance that

suitable reinvestment opportunities will be available on favorable terms at the time principal is returned.

### ***Interest Rate and Refinancing Risk***

Changes in interest rates may adversely affect both borrower performance and the Company's ability to originate or acquire Notes on attractive terms. Rising interest rates may increase borrowers' refinancing risk or debt service burden, while declining interest rates may compress yields on newly originated Notes. Market conditions at the time of loan maturity or refinancing may impair borrowers' ability to refinance, increasing the risk of default or extension.

### ***Servicing and Operational Risk***

The Company may rely on third-party servicers, originators, or other intermediaries in connection with the origination, administration, or servicing of Notes. The performance of such parties may materially affect the Company's ability to monitor borrower performance, enforce loan terms, or respond to defaults. Errors, delays, misconduct, or financial distress affecting such parties could adversely affect the Company's Investments.

### ***Concentration Risk Related to Notes***

The Company's lending activities may be concentrated in a limited number of borrowers, loan types, geographic regions, or collateral types. As a result, adverse developments affecting a single borrower, property, or market may have a disproportionate effect on the Company's performance. In addition, Notes may be correlated to broader real estate market conditions, which could result in simultaneous deterioration across multiple Investments.

## ***C. Direct Acquisition, Co-GP, and Joint Venture Risks***

The Company may directly acquire or develop interests in self-storage and/or real estate deals, generally, or enter into joint venture, co-investment, or co-general partner arrangements with third-party operators, developers, sponsors, or other investment partners. Such Investments may involve shared ownership, shared control, or reliance on third parties for day-to-day operations, development, leasing, financing, capital expenditures, or disposition decisions. In these structures, the Company may not have unilateral authority over material decisions, and disagreements among partners regarding strategy, timing, financing, or exit may result in delays, increased costs, deadlock, or outcomes that are adverse to the Company and its investors.

Co-GP and joint venture arrangements may also involve the sharing of promotes, Acquisition Fee, or other economic interests among partners, which may create differing incentives or actual or perceived conflicts of interest. The success of such Investments will depend in significant part on the financial condition, experience, and performance of the Company's partners. If a partner fails to perform its obligations, becomes insolvent, or engages in misconduct, the Company may be required to assume additional responsibilities, incur additional costs, or suffer dilution or a partial or complete loss of its investment. In some cases, the Company may also be exposed to joint and several liability for certain obligations arising from such arrangements.

In addition, certain co-GP or joint venture structures may involve activities or compensation arrangements that could, under certain circumstances, be characterized as brokerage, dealer-manager, or similar activities under applicable securities laws, including the receipt of transaction-based compensation in connection with capital raising or investment activities. Although the Manager intends to structure the Company's activities to avoid acting as a broker-dealer or requiring broker-dealer registration, there can be no assurance that regulatory authorities will not take a contrary view. Any determination that the Company, the Manager, or its affiliates are required to register as a broker-dealer, or have engaged in unregistered broker-dealer activity, could result in regulatory action, penalties, rescission rights, or other adverse consequences that could materially and adversely affect the Company and its investors.

***D. Concentration and Allocation Risk Among Strategies***

The Manager will have discretion to allocate the Company's capital among the various investment strategies permitted by the Fund Criteria, including indirect Investments, lending activities, and direct acquisitions or joint ventures. There can be no assurance that capital will be allocated in proportions that achieve diversification or risk mitigation, or that the Manager's allocation decisions will be successful. The Company may, at times, concentrate a substantial portion of its capital in a particular strategy, Investment type, sponsor, borrower, or transaction structure. As a result, adverse developments affecting a single strategy or category of Investments could have a material adverse effect on the Company and its investors.

***E. Broad Investment Discretion and Strategy Drift Risk***

The Fund Criteria is intended to provide general guidelines for the Company's investment activities while preserving broad discretion for the Manager. As a result, the Manager has substantial flexibility to determine the types of Investments the Company may pursue, the structures through which Investments are made, the timing of Investments and dispositions, and the relative allocation of capital among different strategies, asset types, sponsors, borrowers, or transaction forms permitted by the Fund Criteria.

Although the Company intends to focus primarily on investments within the self-storage sector and related strategies, and secondarily in the real estate sector, the specific composition of the Company's portfolio may differ materially from investors' expectations. Market conditions, availability of opportunities, capital flows, affiliate transactions, or other factors may cause the Manager to adjust the Company's investment approach over time. Such adjustments may result in the Company pursuing Investments with different risk profiles, durations, liquidity characteristics, or return expectations than those initially contemplated by investors at the time of their investment.

Prospective Investors will not have the right to approve or veto changes in the Company's investment focus or allocation decisions, and there can be no assurance that the Manager's exercise of discretion will achieve the Company's investment objectives or be consistent with the risk tolerance of any particular investor. Strategy shifts or changes in investment emphasis may increase risk, reduce diversification, delay liquidity, or adversely affect returns.

### **III.** **Risks Related to Real Estate Generally**

#### ***Risks of Real Estate in General***

The risks and benefits of investing in real estate generally depend upon numerous factors over which the Company has little or no control. These factors include, without limitation, changes in national, regional, or local economic conditions; shifts in supply and demand for real estate; changes in employment levels, population trends, and consumer behavior; fluctuations in interest rates and availability of financing; inflationary pressures; and changes in governmental laws, regulations, and tax policies. Adverse developments affecting the real estate market generally could result in declines in property values, reduced cash flow, increased operating costs, or diminished liquidity.

#### ***Real Estate Market Fluctuations***

The performance of the Company's Investments may be adversely affected by fluctuations in real estate markets and capital markets, many of which are beyond the Company's control. Such fluctuations may result from changes in general economic conditions, interest rate movements, availability and cost of credit, investor sentiment toward real estate assets, and regional or local market dynamics. Adverse market conditions may reduce demand, increase competition, compress margins, or impair the Company's ability to refinance, restructure, or dispose of Investments on favorable terms.

#### ***Economic Uncertainty and Cyclical Risk***

Real estate markets are cyclical and subject to periodic downturns, recessions, or periods of reduced economic activity. Economic uncertainty, including downturns similar to those experienced in prior recessionary periods, may adversely affect tenant demand, occupancy levels, rental rates, operating income, and asset values. During periods of economic stress, borrowers, tenants, operators, or sponsors may experience financial distress, which could negatively impact the performance of the Company's Investments and delay or reduce distributions.

#### ***Regulatory, Zoning, and Governmental Risks***

Real estate assets are subject to extensive federal, state, and local laws, ordinances, and regulations, including zoning and land-use restrictions, building and fire codes, environmental regulations, accessibility requirements, and permitting processes. Changes in existing laws or regulations, the adoption of new regulations, or changes in enforcement or interpretation may increase compliance costs, restrict operational flexibility, delay development or redevelopment activities, or adversely affect property values. In addition, governmental authorities may impose moratoria, zoning amendments, or other restrictions that limit the use, expansion, or redevelopment of real estate assets.

### ***Insurance Availability and Cost Increases***

The cost and availability of insurance coverage for real estate assets may fluctuate due to market conditions, claims history, natural disaster trends, or insurer underwriting decisions. Insurance policies may include significant deductibles, exclusions, or limitations, and certain risks may be uninsurable or insurable only at prohibitive cost. If adequate insurance coverage is unavailable, insufficient, or prohibitively expensive, the Company may be exposed to uninsured or underinsured losses, which could materially and adversely affect the Company's financial condition and results of operations.

### ***Rising Operating Costs and Inflation***

The operating performance of real estate assets may be adversely affected by increases in operating expenses that are not fully offset by increases in revenue. Key operating costs, including labor, utilities, maintenance, insurance, property taxes, and vendor services, may increase due to inflation, supply-chain disruptions, labor shortages, or regulatory changes. Sustained increases in operating costs could reduce net operating income, impair debt service coverage, and diminish returns.

### ***Environmental Risks***

Real estate assets may be subject to environmental risks, including the presence or release of hazardous or regulated substances, such as petroleum products, chemicals, mold, asbestos, lead-based paint, or other contaminants. Environmental laws may impose strict liability for investigation, remediation, or cleanup costs, regardless of fault or prior knowledge. Environmental conditions may also adversely affect property values, operating costs, or marketability. Although customary environmental due diligence may be conducted, such investigations are limited in scope and cannot guarantee the absence of environmental risks.

### ***Natural Disasters and Climate-Related Risks***

Real estate assets may be adversely affected by natural disasters or extreme weather events, including floods, storms, earthquakes, wildfires, extreme temperatures, or other climate-related events. Such events may cause physical damage, operational disruptions, increased insurance costs, or declines in demand. Insurance coverage may not fully compensate the Company for losses resulting from such events due to exclusions, limits, deductibles, or delays in claims resolution. The occurrence of significant natural disasters or adverse climate events could materially impair the performance or value of the Company's Investments.

### ***Political, Public Health, and Force Majeure Events***

The Company's Investments may be adversely affected by events beyond the Company's control, including public health emergencies, pandemics, acts of terrorism, armed conflict, civil unrest, supply-chain disruptions, or other force majeure events. Such events may disrupt economic activity, limit access to properties, restrict mobility, reduce demand, or increase operating costs. Government responses to such events, including restrictions, mandates, or

emergency measures, may further impair operations or delay planned transactions. Any such events could materially and adversely affect the Company's performance and the value of an investment in the Company.

#### IV.

#### **Risks Related to Self-Storage and Related Assets**

##### ***Demand Volatility and Local Competition***

The performance of self-storage assets is highly dependent on local market demand, which may fluctuate due to changes in population growth, residential mobility, employment levels, housing turnover, and economic conditions. Demand for self-storage space may decline during periods of reduced mobility or economic contraction. Self-storage facilities compete primarily on location, price, accessibility, security, and customer service, and increased competition from existing facilities, newly developed facilities, or alternative storage solutions may adversely affect occupancy levels, rental rates, and operating margins.

##### ***Supply Risk and New Development***

The self-storage industry is susceptible to periods of overbuilding, particularly in markets where zoning or permitting requirements permit relatively rapid development. New or expanded facilities may enter a market more quickly than demand increases, resulting in excess supply, prolonged lease-up periods, increased marketing expenses, and downward pressure on rental rates. Oversupply in a given market may adversely affect the operating performance and value of self-storage assets and, in turn, the performance of Investments related to such assets.

##### ***Pricing Pressure and Occupancy Risk***

Self-storage facilities typically operate on month-to-month lease arrangements, which may increase revenue volatility and limit predictability of cash flow. Competitive pressures, economic conditions, or local oversupply may require operators to offer concessions, discounts, or promotional pricing to attract or retain tenants. Declines in occupancy, increased tenant turnover, or reduced ability to implement rent increases could adversely affect revenue, cash flow, and returns.

##### ***Operational and Property-Level Risks***

Self-storage assets are subject to various operational risks that may adversely affect performance, including risks of theft, vandalism, fire, flooding, severe weather, or other casualty events. Such events may result in property damage, business interruption, increased operating costs, insurance claims, or liability exposure, including claims by tenants for loss or damage to stored property. Insurance coverage may be subject to deductibles, exclusions, or limitations and may not fully cover all losses.

Self-storage operations rely on technology systems for access controls, tenant management, billing, security monitoring, and operational oversight. Failures or disruptions of

information technology systems, cyberattacks, data breaches, ransomware incidents, or system outages could impair operations, result in financial losses, expose sensitive data, or damage the reputation of operators or sponsors. The costs associated with preventing, mitigating, or responding to such events may be significant.

Self-storage facilities also require ongoing maintenance, repairs, and capital expenditures to remain competitive and compliant with safety and operational standards. Unexpected repairs, deferred maintenance, equipment failures, or infrastructure issues may result in unanticipated costs, operational disruptions, or reduced tenant satisfaction, which could adversely affect occupancy and cash flow.

### ***Dependence on Management and Operating Personnel***

The successful operation of self-storage assets depends on the experience, expertise, and performance of property managers, operating personnel, and third-party service providers. The loss of key personnel, inadequate staffing, or poor performance by operators or management teams could negatively affect operations, tenant retention, revenue generation, and asset value. In addition, the Company may have limited ability to influence or replace operating personnel in the case of indirect Investments or fund-of-funds structures.

### ***Zoning, Land Use, and Regulatory Restrictions***

Self-storage facilities are subject to zoning, land use, and regulatory requirements that may limit where facilities can be developed, expanded, or operated. Local governments may impose zoning restrictions, conditional use requirements, moratoria, or other regulatory constraints that restrict the development or expansion of self-storage facilities or require costly compliance measures. Changes in zoning classifications, land use policies, or regulatory interpretations may adversely affect existing facilities or limit future development opportunities, thereby impacting the performance of self-storage Investments.

### ***Development and Expansion Risk***

Certain self-storage Investments may involve development, redevelopment, expansion, or phased construction activities, including the expansion of existing facilities onto excess or adjacent land. Such activities involve risks that are not present in the operation of stabilized assets. These risks include delays in obtaining zoning approvals, permits, entitlements, or other governmental authorizations; increased construction, labor, and materials costs; supply-chain disruptions; contractor or subcontractor performance issues; cost overruns; and delays in completion.

In addition, newly developed or expanded self-storage facilities may require extended lease-up periods before achieving stabilized occupancy and rental rates. There can be no assurance that demand will materialize as anticipated, that projected rents will be achieved, or that expanded facilities will perform as expected. Development or expansion activities may require additional capital and increase exposure to market conditions during construction and lease-up. Because the Company does not intend to make capital calls to investors, in the event

Manager can not find additional capital, the Company may be required to limit, delay, modify, or forego development or expansion activities, obtain alternative financing on unfavorable terms, or experience reduced returns or losses.. Any failure to complete development or expansion projects on time, within budget, or at projected performance levels could materially and adversely affect the performance of the related Investment and the Company's overall results.

### ***Exposure to Non-Self-Storage Real Estate Assets***

Although the Company expects that a substantial majority of its capital will be invested in self-storage assets and self-storage-related strategies, the Company may also invest a portion of its assets in other real estate asset types, including, but not limited to, RV parks, car washes, flex space, and other real estate-related assets permitted under the Fund Criteria.

These asset classes may have risk characteristics, operational requirements, demand drivers, regulatory considerations, and market dynamics that differ from those associated with traditional self-storage facilities. For example, such assets may be more sensitive to local economic conditions, consumer behavior, seasonal demand, environmental or zoning regulations, or operational complexity. As a result, investments in these asset types may be subject to greater volatility, increased operating risk, or different liquidity and valuation considerations than self-storage assets.

The Company has not committed to invest a fixed percentage of its assets in any particular asset type, and the actual allocation among self-storage and other permitted real estate assets may vary over time based on market conditions, availability of opportunities, capital requirements, and the Manager's judgment. Investors should not assume that any particular allocation, including a predominance of self-storage investments, will be maintained throughout the life of the Company.

## **V.**

### **Risks Related to Operations**

#### ***Limited Operating History of the Company; Reliance on the Manager***

The Company is a newly formed entity and has limited operating history as the issuer of the Membership Units offered hereby. Although the Company expects to acquire, assume, or be contributed certain Investments from an Affiliated prior fund, the Company has not operated as a separate vehicle for purposes of this Offering and will be dependent on the Manager to integrate, administer, and manage the Company's portfolio and operations following the rollover. The Company's future performance will depend on the Manager's ability to oversee existing rolled-over Investments and to source, evaluate, structure, and manage additional Investments going forward, as well as the performance of third-party sponsors, operators, borrowers, and service providers. There can be no assurance that the Company will operate profitably, make distributions, or achieve its investment objectives. Investors should not assume that prior results of the Manager or any affiliate, or the historical performance of any rolled-over Investment, will be indicative of the Company's future results.

### ***Operational Execution and Portfolio Management Risk***

The Company's performance will depend on the Manager's ability to source, evaluate, structure, monitor, and manage a portfolio of Investments across multiple transaction types and third-party counterparties. The Company expects to invest through Underlying Funds, Notes, and, to a lesser extent, direct acquisitions, co-investments, or joint ventures. Managing these varied Investment types involves operational complexity, coordination across multiple parties, and ongoing monitoring and reporting. Failures in execution, oversight, or risk management may adversely affect performance, cash flow, and the Company's ability to achieve its objectives.

### ***Distributions Are Not Guaranteed***

The Company does not guarantee the timing or amount of any distributions to Members. Distributions, if any, will depend on the performance and cash flow of the Company's Investments, the timing of receipts from Underlying Funds and Notes, operating expenses, capital expenditures, reserves, and the Manager's discretion. The Company may retain cash for reserves or reinvestment in accordance with the Operating Agreement. Accordingly, distributions may be reduced, delayed, irregular, or suspended, and Members may not receive returns consistent with their expectations.

### ***Capital Needs and Absence of Capital Calls***

The Company may experience unexpected capital needs due to Investment underperformance, borrower defaults, enforcement costs, operating shortfalls at direct Investments, insurance deductibles, development or expansion costs, or other unanticipated expenses. The Company does not intend to make capital calls to Members, and no Member is required or permitted to contribute additional capital beyond its initial Capital Contribution. Any such capital needs would be satisfied, if at all, from available operating cash, reserves, capital expenditures budgets, third-party financing, or advances or contributions from the Sponsor or its affiliates, if any, which are not guaranteed. If sufficient capital is not available when needed, the Company may be required to defer or abandon planned activities, seek alternative financing on unfavorable terms, liquidate Investments at unfavorable times, accept unfavorable workout or restructuring terms, or otherwise take actions that could materially reduce returns or result in losses.

### ***Reliance on Third Parties and Service Providers***

A substantial portion of the Company's strategy involves reliance on third parties, including sponsors and managers of Underlying Funds, borrowers, loan originators, loan servicers, operators, property managers, contractors, and other service providers. The Company may have limited ability to influence or replace such parties, particularly in connection with indirect Investments. Poor performance, misconduct, insolvency, operational failures, or misaligned incentives of third parties may adversely affect Investment performance, delay cash receipts, increase costs, or create reputational risk for the Company.

### ***Key Personnel and Manager Bandwidth Risk***

The Company's success is substantially dependent on the Manager and its principals. The loss of one or more key individuals, whether due to resignation, disability, death, or other circumstances, could disrupt operations, delay execution, and impair the Company's ability to source, monitor, and manage Investments. The Company does not maintain key person insurance. In addition, the Manager may be involved in other business activities and may allocate time and resources among multiple matters, which may limit the attention devoted to the Company at certain times.

### ***Contract Administration and Documentation Risk***

Investments may involve complex legal documentation, including Underlying Fund governing documents, loan agreements, security instruments, joint venture agreements, servicing agreements, development contracts, and other agreements. These documents may contain provisions that are subject to differing interpretations, require ongoing compliance, or impose restrictions that limit flexibility. Disputes, misunderstandings, documentation errors, or enforcement issues may result in delays, unexpected liabilities, litigation, or losses.

### ***Insurance Procurement, Coverage, and Claims Risk***

The Company expects that appropriate insurance will be maintained where commercially reasonable, either at the Company level or at the level of underlying Investments. However, insurance may include exclusions, limitations, deductibles, or delays in claims processing, and certain risks may be uninsurable or insurable only at prohibitive cost. Any uninsured or underinsured loss, or delays in receiving insurance proceeds, could materially and adversely affect cash flow, Investment value, and the Company's ability to make distributions.

### ***ERISA and Plan Asset Considerations***

The Company intends to restrict investments by benefit plan investors to avoid classification of Company assets as plan assets under ERISA. There can be no assurance that plan asset status will be avoided. If the Company's assets were deemed to be plan assets, the Company and the Manager could become subject to additional regulatory requirements, restrictions, and potential liabilities, which could adversely affect operations and returns.

## **VI.**

### **Risks Related to Withdrawals and Priority Redemptions**

#### ***Risk of Limited Liquidity and Priority Redemption Rights***

An investment in the Fund is illiquid and subject to significant restrictions on withdrawal. Class A Members are required to maintain their investment in the Fund for a minimum of twenty-four (24) months, and thereafter may request withdrawals only in accordance with the terms set forth in this Memorandum and the Company's Operating Agreement. There is no assurance that any Member will be able to withdraw all or any portion of their capital at a desired

time, or at all. The Fund may maintain a reserve account but does not guarantee sufficient Reserves will exist to satisfy withdrawal requests, and thus, withdrawals are dependent on the availability of cash generated from loan repayments or other liquidity events.

***Pro Rata Limitations and Priority Redemptions May Result in Delayed or Partial Withdrawals***

Although the Fund intends to honor withdrawal requests in accordance with the procedures described herein, the Fund is subject to a quarterly redemption limitation of five percent (5%) of the aggregate value of the Company's assets during the quarter the withdrawal request is submitted. If withdrawal requests exceed this limitation, redemptions may be deferred to future quarter.

***Manager Discretion May Further Limit or Suspend Withdrawals***

The Manager retains broad discretion to delay, suspend, or limit withdrawals to protect the financial integrity of the Fund, maintain adequate working capital, comply with lender or regulatory requirements, or address adverse market conditions. There can be no assurance that the Manager will be able to liquidate assets on favorable terms or at all in order to satisfy withdrawal requests.

***No Assurance of Timing or Amount of Redemption Payments***

Even where a withdrawal request is approved, the timing and amount of any redemption payment is uncertain and subject to numerous factors, including the Fund's overall liquidity position. The Fund may be required to delay redemption payments beyond the anticipated timeframe or satisfy redemptions in installments. Investors should not rely on the availability of withdrawals as a source of liquidity.

**VII.**

**Risks Related to Public Health and Pandemics**

Although the immediate crisis of the COVID-19 pandemic has subsided, the Company may be affected by future public health emergencies or the lingering effects of past ones. The pandemic revealed vulnerabilities in supply chains, labor markets, financing availability, and regulatory stability, any of which could recur in response to new variants or other health crises. Future outbreaks may disrupt operations, delay renovations, reduce tenant stability, or impair financing options. There can be no assurance that such events will not materially and adversely affect the Company's performance. While the Company may take steps to mitigate these risks, public health threats remain unpredictable and potentially disruptive.

**VIII.**

**Securities Risks**

***This Offering has not been registered and relies on an exemption to registration***

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

### ***Illiquidity and Lack of Markets for Units***

The Units offered in this Offering are highly illiquid. There is no established public trading market for the Units, and none is expected to develop in the future. In addition, the Prospective Investors will receive restricted securities that, generally, will require a minimum hold period of twelve (12) months. As a result, Prospective Investors must be prepared to hold their investment for an indefinite period. Transfers or resales of Units are subject to significant legal restrictions under federal and state securities laws, and any such transfers will require the prior written consent of the Manager, which may be withheld in its sole discretion. In addition, the Operating Agreement places further limitations on a Member's ability to sell, assign, or otherwise transfer their Units.

Due to these restrictions, investors should not expect to be able to liquidate their investment in the Company or realize a return through resale of the Units. Accordingly, prospective investors should invest only if they are able to bear the economic risk of an illiquid investment and do not require a near-term return of their capital. Any investment in the Units should be considered speculative and ill-suited for investors seeking liquidity.

### ***Purchase of Units by Sponsor***

If sufficient Class A Units are not subscribed by the time of closing of a particular Investment, the Sponsor or its Affiliates may, but are under no obligation to, purchase any unsold Units as a temporary placeholder. Any such purchases will be made on the same terms and conditions as those applicable to other Investors and will be for investment purposes only, not for resale. Following the closing, the Company may continue to offer the remaining unsold Units, and the Sponsor or its Affiliates will have the right to redeem any placeholder Units at the original purchase price as new Investors are admitted.

## **IX.**

### **Special Risks of the Company Form and Membership Units**

#### ***Liability for Return of Capital Contribution***

Under applicable federal and state law, including fraudulent transfer and similar statutes, a Member who receives a return of all or a portion of its capital contribution or other distributions

from the Company may, under certain circumstances, be required to return such amounts to the Company, together with interest, to the extent necessary to satisfy the Company's obligations to creditors whose claims arose during the period such capital was held by the Company. Accordingly, distributions received by Members may be subject to potential claw-back if the Company becomes insolvent or is otherwise unable to satisfy its liabilities. There can be no assurance that a Member will not be required to return previously received distributions.

### ***No Right to Participate in Management***

Members will be passive investors and will not have the right to participate in the management or control of the business or affairs of the Company except as expressly provided in the Operating Agreement. The Operating Agreement vests exclusive authority and discretion over the management, operations, and investment activities of the Company in the Manager. As a result, Members will be entirely dependent on the Manager and its affiliates to manage the Company's affairs. Removal of the Manager is permitted only under limited circumstances and subject to the conditions set forth in the Operating Agreement. Accordingly, the success of the Company will depend substantially on the experience, judgment, and continued involvement of the Manager.

### ***Limitation of Manager Liability and Indemnification***

The Operating Agreement provides for broad limitations on the liability of the Manager, its affiliates, and their respective officers, directors, members, shareholders, employees, and agents. Such persons will not be liable to the Company or any Member for monetary damages arising from acts or omissions performed in connection with the Company's business, except to the extent resulting from gross negligence, fraud, or willful misconduct. In addition, the Company is obligated to indemnify such persons against liabilities, losses, damages, and expenses, including attorneys' fees, incurred in connection with the Company's activities, subject to the limitations set forth in the Operating Agreement. These provisions may limit the remedies available to Members and may require the Company to bear significant costs, even where such actions do not result in a benefit to the Company.

### ***No Business Appraisal or Independent Valuation of the Units***

The offering price of the Membership Units has been determined solely by the Manager and was not established based on an independent appraisal or valuation of the Company or its assets. The offering price reflects the Manager's judgment regarding anticipated acquisition costs, projected operating expenses, estimated fees, and offering-related expenses. There can be no assurance that the price paid for the Units bears any relationship to the fair market value of the Units or the Company's assets, and investors may not be able to resell their Units at or above the offering price.

### ***No Assurance of Return of Capital or Profitability***

An investment in the Company involves a high degree of risk, and there can be no assurance that Members will receive a return of their capital contributions or any profit on their investment. Returns, if any, will depend on numerous factors, many of which are beyond the control of the Manager, including market conditions, operating performance, financing terms, and

the successful execution of the Company's investment strategy. Members may lose all or a substantial portion of their invested capital.

### ***Adequacy of Capital and Reserves***

The Company's success will depend in part on the adequacy of its capital resources and reserves. Unanticipated expenses, cost overruns, development delays, market disruptions, or other adverse events may require additional capital beyond amounts initially anticipated. There can be no assurance that the Company will have sufficient capital or reserves to address such needs or that additional capital will be available on acceptable terms. Insufficient capital may adversely affect the Company's ability to operate, protect its Investments, or make distributions to Members.

## **X. Tax Risks**

### ***General***

There is no general explanation of the federal income tax aspects of investment contained in this Memorandum. No representation or warranty of any kind is made by the Manager, the Company, counsel to the Manager or the Company with respect to any tax consequences relating to the Company, or the allocation of taxable income or loss set forth in this Memorandum or the Operating Agreement and each Prospective Investor should seek his own tax advice concerning the purchase of an Interest.

### ***Suitability of the Investment to the Investor***

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

### ***Federal Income Tax Risks***

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

income tax consequences, each Prospective Investor should also consider with Prospective Investor's own advisors the state and local tax consequences of an investment in the Company.

No representation or warranty of any kind is made by the Manager, the Company, counsel to the Manager or the Company with respect to any federal, state or local tax consequences resulting from an investment in the Company, and no assurances are given that any deduction or other federal income tax benefits will be available to Members in the Company in the current or future years relating to the Company, or the allocation of taxable income or loss set forth in this Memorandum or the Operating Agreement.

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

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

Risk of Audit. Information returns filed by the Company are subject to audit by the IRS. An audit of the Company's returns may lead to adjustments of a Member's return with respect to items other than those relating to the Member's investment in the Company, the costs of which would be borne by the affected Members. The tax treatment of items of partnership income, loss, deductions, and credits is determined at the partnership level in a unified partnership proceeding, and Stephen Lawrence as the "tax matters Member" of the Company, may, under certain circumstances, represent and bind all of the Members. Any adjustment made to the Company's or a Member's return could result in the affected Members being subject to an imposition of interest, additional taxes and penalties.

### ***State Income Tax: State Withholding and Filing Requirements***

Certain states impose tax withholding requirements on income allocated or distributed to nonresident investors, including both U.S. and non-U.S. persons. If the Company acquires Properties located in such jurisdictions, it may be required to withhold a percentage of income or gains allocable to nonresident Members, even if the Members are not otherwise subject to tax in that state.

The amount withheld may not be recoverable unless the Member files a tax return in that state and qualifies for a refund or offset. Furthermore, some states require nonresident partners or members to file annual returns or submit composite filings, which may involve additional costs or

administrative burdens. Investors are urged to consult their tax advisors regarding the impact of such state withholding laws and compliance obligations on their individual tax situations.

### ***Tax Withholding***

The Company may withhold from any distributions or other amounts payable to any Class A Member for any federal, state, local, or foreign taxes that are required to be withheld or paid on behalf of the Class A Member. The Company will comply with all applicable tax reporting requirements and may request necessary documentation from Class A Members to ensure compliance with tax laws.

In the event that the Company is required to pay such taxes on behalf of any Class A Member, whether due to the failure of the Class A Member to provide the necessary documentation or otherwise, such Class A Member shall reimburse the Company for the full amount of such taxes paid, including any interest, penalties, or additional expenses associated therewith, upon request. The Company may offset any amounts due from the Class A Member under this provision against future distributions to the Class A Member until the Company is fully reimbursed. Should the Class A Member fail to reimburse the Company within a reasonable time after demand is made, the Company may exercise any other rights and remedies available at law or in equity.

The Company and its Manager shall be indemnified and held harmless by the Class A Member from and against any and all liability, loss, damage, or expense arising from or in connection with the withholding or payment of any taxes on behalf of the Class A Member. Any amounts withheld or paid by the Company on behalf of a Class A Member shall be treated as a distribution to such Class A Member and shall reduce the Class A Member's capital account accordingly. This obligation of the Class A Member shall survive the termination, dissolution, liquidation, and winding up of the Company.

### ***Delayed Schedule K-1***

The Company may not be able to provide final Schedules K-1 to Members for any given fiscal year until significantly after April 15 of the following year. The Company will use its commercially reasonable efforts to provide Schedules K-1 within 90 days after the close of the fiscal year, but Members should be prepared to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local level.

### ***Investment by Tax-Exempt Entities***

Tax-exempt entities, such as pension funds and individual retirement accounts, generally are exempt from taxation except to the extent that "unrelated business taxable income" ("UBTI") and "unrelated debt financed income" ("UDFI")(determined in accordance with Sections 511-514 of the Code) exceeds \$1,000 during any tax year. A tax-exempt entity may have UBTI and/or UDFI from businesses in which it owns an interest. In addition, it may have UBTI and/or UDFI if a partnership in which it has an interest (i) owns "debt-financed property", that is, property in which there is "acquisition indebtedness" (in accordance with Section 514(d) of the Code), and the partnership earns interest income from the debt-financed property or realizes gains or losses from the sale, exchange or other disposition of the debt-financed property, or (ii) regularly carries on a trade or business. In addition, UBTI and/or UDFI may be generated when an IRA holds an interest

in real estate which obtained financing (such is the case with the Company). The portion of the profit realized through the debt financing may be subject to UBTI and/or UDFI tax. The Company expects that all or substantially all of the Company's income will constitute UBTI and/or UDFI with respect to a tax-exempt entity. The Code does not impose restrictions on the acquisition of interests in partnerships, such as the Company, by tax-exempt entities. However, the acquisition of such an interest may result in a tax-exempt entity being subject to UBTI and/or UDFI. If you are investing through an IRA, please consult your accountant and financial consultant for an evaluation of UBIT and/or UDFI as applied to your investment.

### ***Use of Legal Counsel's Name – Disclosure of Limited Role***

Platinum Legal has been engaged solely to provide legal services to the Company in connection with the preparation of the offering documents and related securities compliance matters. Platinum Legal has not conducted due diligence on the business plan, underlying assets, financial projections, or management team, and makes no representations regarding the accuracy or completeness of any statements made herein.

Investors should not interpret the inclusion of Platinum Legal's name, or any of its partners or attorneys in this or any related materials as an endorsement of the offering or any representation regarding the merits or risks of the investment. No attorney at Platinum Legal serves as an officer, director, advisor, or partner of the Company, and any unauthorized use of their names, likenesses, or affiliation is strictly prohibited and misleading.

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

### **PROJECTED SOURCES AND USES OF CASH**

The net proceeds of this Offering, together with any additional capital available to the Company, are expected to be used for the following general purposes:

- payment of the Acquisition Fee payable to the Manager in connection with the acquisition of Investments, including Investments acquired from affiliated funds or vehicles;
- reimbursement of the Manager or its Affiliates for certain organizational, offering, pre-formation, and due diligence expenses incurred on behalf of the Company prior to or in connection with this Offering, including legal, accounting, organizational, and related costs;
- funding Investments in accordance with the Fund Criteria, including direct or indirect investments, investments through fund-of-funds or pooled investment vehicles, loans or notes, joint ventures, co-investments, development or expansion activities, and other permitted Investments; and
- funding working capital, reserves, operating expenses, professional fees, and other expenses of the Company.

The Manager will have broad discretion to determine the timing and allocation of Offering proceeds among the foregoing uses, subject to the Fund Criteria and the Operating Agreement. There can be no assurance that the proceeds will be deployed promptly or in any particular proportion among the categories described above.

### **No Allocation by Percentage**

The Company has not allocated Offering proceeds among specific Investments or uses by fixed percentage, and actual uses of proceeds may vary depending on market conditions, availability of Investment opportunities, timing of acquisitions, and other factors. Pending deployment, proceeds may be held in cash or cash equivalents or used for temporary purposes as determined by the Manager.

### **No Assurance of Sufficiency**

There can be no assurance that the proceeds of this Offering will be sufficient to fully implement the Company's investment strategy. The Company may seek additional capital through future offerings, reinvestment of capital returned from Investments, borrowing, or other financing arrangements, or may adjust its investment activities based on available capital.

## **DISTRIBUTION TO MEMBERS**

This Memorandum contains estimates which have been prepared on the basis of assumptions and hypotheses favorable to Prospective Investors solely for the purpose of illustration and which have not been passed on by counsel or other professional advisors to the Company. (See "RISK FACTORS.")

No representation or warranty of any kind is or can be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from, these estimates or the assumptions underlying them.

Each Prospective Investor should consult their own tax counsel, accountants and other advisors as to the tax matters and economic benefits set forth herein. No part of this Memorandum or the attachments hereto is, or should be interpreted as legal, tax or investment advice.

### Limitations on Cash Distributions.

The Manager is authorized to retain funds necessary to cover the Company's reasonable business needs, which may include reserves against possible losses and expenditures as may be necessary.

### Allocations of Taxable Income, Gains and Losses from Operations, and Net Cash Flow, Etc.

To the extent advantageous to the Members and permitted by applicable law and regulations, the Company and Manager intends to seek the most favorable tax treatment for all expenditures of the Company. The Manager will cause the Company's tax returns to be prepared and filed on such basis as utilized in preparing the financial projections; provided, however, that such methods are, in the opinion of the Manager, in accordance with generally accepted accounting principles and/or current Internal Revenue Service Rules and Regulations and, if conflicting, whichever the Manager deems applicable.

In the event of a transfer of a Unit permitted by the Operating Agreement, such transferee, when admitted to the Company as a Member, shall be allocated income, gains, losses, deductions, credits and cash distributions in accordance with his Unit.

For specific distributions and allocations, please see OFFERING section above.

## WITHDRAWAL AND REDEMPTION OF INTERESTS

Class A Members will be required to hold their investment in the Fund for a minimum of twenty-four (24) months from the date of their capital contribution (the "Lock-Up Period"). Following the Lock-Up Period, Members may submit a written request to withdraw all or a portion of their capital, subject to the following terms and conditions:

**Notice Requirement.** Members must provide the Fund with no less than ninety (90) days' advance written notice of their intent to withdraw capital. Withdrawal requests may be submitted at any time after the expiration of the Lock-Up Period.

**Redemption Limitations.** The Fund will not redeem more than five percent (5%) of the Funds Net Asset Value in any given quarter (20% annual). "Net Asset Value" shall mean the net asset value of the Fund as determined by the Manager in good faith, using valuation methodologies the Manager deems appropriate and applied on a consistent basis. If total withdrawal requests during any such period exceed this limit, redemptions will be made on a pro rata basis among all requesting Members. Any portion of a withdrawal request not satisfied due to this limitation will be deferred and reconsidered in the subsequent quarter.

**Timing of Payment.** The Fund will use commercially reasonable efforts to fulfill approved redemption requests within ninety (90) days following written notice, but actual timing may vary based on available liquidity and overall Fund operations.

**Manager Discretion.** The Manager reserves the right to delay, suspend, or limit withdrawals to protect the financial integrity of the Fund, preserve working capital, or comply with applicable laws and regulations. All withdrawals are subject to the availability of sufficient cash and may be reduced, delayed, or denied at the sole discretion of the Manager.

## NO TAX RULING

The Company will not seek a ruling from the Internal Revenue Service (the "IRS") as to any aspects of the Offering and will rely on the opinion of the Manager and its legal counsel with respect to its classification as a limited liability company for federal income tax purposes. (See "RISK FACTORS - TAX RISKS.")

## OPERATING AGREEMENT

Each Prospective Investor will be admitted as a Class A Member of the Company pursuant to the terms of the Operating Agreement, which will be executed, upon the admission of the first Member to the Company. Various references to the Operating Agreement are contained in this Memorandum,

but such references do not purport to be complete descriptions of the provisions of the Operating Agreement. Prospective Investors and their advisor(s) should read the entire Operating Agreement.

## **CONFLICTS OF INTEREST**

The Company is subject to various actual and potential conflicts of interest arising out of its relationship with the Manager and its Affiliates. These conflicts may influence the decisions made by the Manager with respect to the operations of the Company, the selection, structuring, management, and disposition of Investments, and the timing and amount of distributions to Members. Although the Manager believes that such conflicts are customary for investment vehicles of this nature and that it will act in good faith in managing the Company, there can be no assurance that conflicts will be resolved in a manner favorable to the Class A Members.

### ***Allocation of Manager's Time and Activities***

The Manager and its Affiliates are not required to devote their time exclusively to the affairs of the Company. The Manager and its Affiliates may be engaged in other business activities, including the ownership, management, financing, development, operation, or sponsorship of other real estate investments, funds, lending platforms, or investment vehicles that may compete with the Company for investment opportunities, capital, management attention, or other resources. Such other activities may include investments in the same asset class, geographic markets, or investment strategies as those pursued by the Company.

The Manager will allocate its time, attention, and resources among the Company and its other business activities in a manner it deems reasonable and appropriate. However, such allocation may result in conflicts of interest, including conflicts regarding the sourcing of investment opportunities, the prioritization of transactions, and the dedication of personnel and resources. Although the Manager believes it has sufficient personnel and infrastructure to discharge its responsibilities to the Company, there can be no assurance that competing demands will not adversely affect the Company.

### ***Competing Investment Vehicles and Capital Raising Activities***

The Manager and its Affiliates may form, sponsor, manage, or invest in other entities or investment vehicles, including funds, syndications, or lending platforms, that pursue investment strategies similar to or competitive with those of the Company. Such vehicles may include investors who are not Members of the Company. The existence of such competing vehicles may create conflicts with respect to the allocation of investment opportunities, capital, and management resources, as well as conflicts regarding the timing, structure, or terms of Investments.

### ***Affiliate Transactions and Rollover of Investments***

The Company intends to acquire, assume, or be contributed certain Investments from affiliated entities, including DES Storage Income Fund, LLC, which is managed and sponsored by the Manager. Such Investments may have been originated, acquired, or funded prior to the admission of certain Members to the Company and may differ from newly originated

Investments in terms of risk profile, performance characteristics, duration, liquidity, valuation methodology, or return expectations.

Transactions involving the transfer, contribution, or assumption of Investments from Affiliates may not be negotiated on an arm's-length basis. The Manager will have discretion to determine whether, when, and on what terms such Investments are transferred to the Company, and valuations of such Investments may be determined by the Manager and may differ from values that would be assigned by an independent third party. Members will have no right to approve or reject such transactions, and there can be no assurance that such Investments will perform favorably or will not adversely affect the Company.

### ***Compensation to the Manager and Affiliates***

The Company will pay the Acquisition fees, and performance-based allocations. Such compensation arrangements were not determined through arm's-length negotiations.

The receipt of such compensation may create incentives for the Manager to pursue certain transactions, strategies, or structures over others, including incentives to consummate acquisitions, originate or acquire Notes, reinvest capital rather than distribute it, or retain Investments rather than dispose of them. Although the Manager believes that its compensation arrangements are reasonable in light of the services provided and risks assumed, such arrangements may create conflicts between the interests of the Manager and those of the Class A Members.

### ***Layered Fees and Multiple Economic Interests***

In connection with Investments in underlying funds, joint ventures, Notes, or other indirect investment structures, the Manager or its Affiliates may receive fees or other compensation at multiple levels, including at the Company level and at the underlying investment level. As a result, Members may bear indirect fees and expenses in addition to those paid directly by the Company. These layered fees may reduce overall returns to Members and may create incentives for the Manager to favor certain investment structures or transactions.

### ***Reinvestment and Capital Allocation Conflicts***

The Manager has discretion to retain and reinvest capital returned to the Company rather than distributing such amounts to Members. The Manager also has discretion to allocate capital among different investment strategies permitted by the Fund Criteria, including fund-of-funds investments, lending activities, direct acquisitions, and development or expansion projects. Such discretion may create conflicts of interest, as reinvestment decisions and allocation decisions may affect the timing of distributions, the risk profile of the Company, and the duration of Members' invested capital.

### ***Lack of Independent Counsel***

Neither the Class A Members nor the Class B Member has been represented by separate legal counsel in connection with the formation of the Company, the preparation of this Memorandum, or the negotiation of the Operating Agreement. Counsel engaged in connection

with this Offering has represented the Company and the Manager. Accordingly, the terms of the Operating Agreement and related arrangements were not negotiated on behalf of the Members. Prospective Investors are urged to consult with their own legal counsel regarding the terms of the Offering and the Operating Agreement.

### ***Interested Party Transactions***

The Operating Agreement provides that no contract, action, or transaction shall be void or voidable solely because it involves the Company and one or more of its Members, the Manager, or their respective Affiliates, or because an interested party participates in or approves such transaction, provided that applicable legal requirements are satisfied. As a result, the Company may engage in transactions with Affiliates notwithstanding conflicts of interest, and such transactions may not be subject to independent review or approval.

### ***Limitation of Liability***

Applicable state law and the Operating Agreement provide that the debts, obligations, and liabilities of the Company are solely those of the Company, and that no Member or the Manager shall be personally liable solely by reason of their status as a Member or Manager. The Operating Agreement further provides for indemnification of the Manager and its Affiliates to the fullest extent permitted by law. These provisions may limit the remedies available to Members in the event of conflicts of interest or other disputes.

## **STANDARD OF CARE; INDEMNIFICATION**

Standard of Care of Manager. Fiduciary rules provides that managers of a limited liability company shall perform their duties as managers in good faith, in a manner they reasonably believe to be in or not opposed to the best interests of the Company, and with the care that an ordinarily prudent person in a similar position would use under similar circumstances. This is in addition to the Manager's duty of disclosure and duty of loyalty and several duties and obligations of and limitations on the Manager as set forth in the Operating Agreement.

To impose liability on a manager, however, it must be shown by clear and convincing evidence that the standard of care was not met by the Manager. It should be noted that the cost of litigation against any Manager for enforcement of the standard of care may be prohibitively high and that any judgment obtained may not be collectible since the Manager is not bonded and any judgment exceeding their net worth or errors and omissions insurance may not be collectible. An investment decision should be based on the judgment of an Investor as to the investment factors described in this Memorandum rather than reliance upon the value of the right to bring legal actions against or to control the activities of the Manager.

Notwithstanding the standards of care obligations, the Manager has broad discretionary power under the terms of the Operating Agreement and under applicable state law to manage the affairs of the Company with the assistance, if desirable, of consultants or others retained for the account of the Company or the Manager. Generally, actions taken by the Manager is not subject to vote or review by the Members, except to the limited extent provided in the Operating Agreement.

Indemnification. The Operating Agreement provides that the Company may, to the fullest extent not prohibited by the Company's Operating Agreement or any provisions of applicable law indemnify the Manager against any and all costs and expenses (including amounts paid in settlement, and other disbursements) actually and reasonably incurred by or imposed upon such person in connection with any action, suit, investigation or proceeding (or any claim or other matter therein), whether civil, criminal, administrative or otherwise in nature, including any settlements thereof or any appeal therein, with respect to which the Manager is named or otherwise becomes or is threatened to be made a party by reason of being or at any time having been a Manager of the Company or, at the direction or request of the Company, a manager, director, trustee, officer, employee, or agent of or fiduciary for any other limited liability company, corporation, partnership, trust, venture, or other entity or enterprise.

Because there are provisions in the Operating Agreement for indemnification of the Manager, purchasers of Class A Units may have a more limited right of action than they would have absent such provision in the Operating Agreement. Insofar as indemnification for liabilities arising out of the Securities Act of 1933, as amended, may not be provided to directors, officers and controlling persons pursuant to the foregoing, or otherwise, the Manager has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is contrary to public policy and is, therefore, unenforceable.

### **RESTRICTION ON TRANSFER**

The Units have not been registered under the Act. The Units are being offered and will be sold in the absence of any registration under the Act, by reason of an exemption under Regulation D promulgated under the Act. The availability of such exemption is dependent, in part, upon the "investment intent" of each Investor and will not be available if any Prospective Investor purchases a Unit with a view toward its distribution. Accordingly, each Prospective Investor will be required to acknowledge that his purchase is being made for investment, for his own record and beneficial account, and without any view to the distribution thereof. A Unit may not be resold by a Member unless and until it is subsequently registered under the Act and applicable state securities laws or unless appropriate exemptions from registration are available. Any such resale, if permitted, may also be subject to the limitations of Rule 144 promulgated under the Act.

Prospective Investors have not been, and will not be, granted the right to require the registration of the Units under the Act and applicable state securities laws. Moreover, the Company has no intention to register the Units under federal securities laws (or to take any action to make exemptions from registration on resale or transfer available to the Prospective Investor(s) and, in view of the nature of the transaction, it is highly unlikely that there will be any such registration (or such action taken) at any time in the future. Accordingly, an Investor must bear the economic risk of an investment in a Unit for an indefinite period of time.

If a Member wishes to dispose of his Units in a transaction not requiring registration under the Act and applicable state securities laws, such disposition is governed by, among other things, the terms of the Operating Agreement.

Finally, no sale, exchange or other transfer or assignment of the whole or any portion of a Unit will be permitted without the prior written consent of the Manager, which consent will be withheld if (a) all applicable federal and state securities laws and regulations with respect to transfers of securities,

including but not limited to the Act, Rule 144, and the Securities and Exchange Act of 1934, as amended, are not complied with to the satisfaction of the Manager, or (b) in the sole opinion of counsel to the Company there will be adverse consequences to the Company or any of the non-transferring Members under any applicable federal, state or local income tax laws or regulations, or (c) for any other reason in the sole discretion of the Manager.

### **FURTHER INVESTIGATION**

Statements contained in this Private Placement Memorandum as to the contents of the Operating Agreement, or other documents, are not necessarily complete and each such statement is deemed to be qualified and amplified in all respects by the provisions of such agreements and documents, copies of which are either attached hereto or are available upon reasonable notice for examination by offerees, or their duly authorized representatives, at the office of Direct Equity Source, LLC, 30 N Gould St Ste R Sheridan, Wyoming 82801. The Operating Agreement is set forth in its entirety as Exhibit A to this Private Placement Memorandum, and each offeree is urged to review this document carefully. Each offeree and his business and/or tax advisors are urged to examine all agreements and documents.

### **HOW TO SUBSCRIBE FOR CLASS A MEMBERSHIP UNITS**

Prospective Investor has received Offering Documents containing the following documents which the Subscriber should complete, date, execute, acknowledge (where required) and deliver to the Manager:

- 1. An Operating Agreement, Prospective Purchaser Questionnaire and Subscription Agreement (attached hereto as Exhibits A, B and C, respectively); and**
- 2. ACH or wire transfer made in accordance with the instructions to be provided by Sponsor.**

The Manager, in its sole discretion, may accept subscriptions for Class A Membership Units in amounts that are less than the minimum. Subscriptions may be accepted or rejected by the Manager in its sole discretion. If a Prospective Investor's subscription is rejected, his or her subscription payment will promptly be returned.

Prospective Investors may not withdraw subscriptions tendered to the Company other than as provided in the Subscription Agreement.

**EXHIBIT A**

OPERATING AGREEMENT OF THE COMPANY