Architect Rendering of Exterior Design Option

Information Memorandum

Opportunity Zone Investment Opportunity

All Suites Hotel at Portland Oregon Airport (PDX)

Planned Dual Brand Conversion to Hyatt brands – Hyatt House and JDV

January 22, 2025

CONFIDENTIALITY & DISCLAIMER

- This Information Memorandum is not intended as a solicitation to purchase securities. Some statements in this summary constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of words such as “anticipates”, “expects”, “intends”, “plans”, “believes” and words of similar substance in connection with future operating or financial performance. Any forward-looking statement made by Vesta Hospitality speaks only as of the date on which it is made. Vesta disclaims any obligation to update or alter any forward-looking statements.
- Investment in real estate is subject to many risks that may include changes in the economy, development risks, disposition risk, construction risk, market risk, operating risk, re-financing risk, cost overruns and feasibility risk. Although these risks are typical of a project of this nature, they can be somewhat mitigated with proper management. See Exhibit A for further commentary on risks.
- The budgets, schedules, projections, plans, unit counts, development team members, etc. that are included in this Information Memorandum are preliminary in nature and are subject to change as the project is designed, permitted, bid-out, renovated, and operated. As such, actual equity required, and returns may be lower or higher than projected.
- This Information Memorandum is confidential and not to be shared with others without the express permission of Vesta Hospitality.

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Executive Summary

Vesta Hospitality is seeking $7.1 million of available equity of a $51.5 million total capitalization to renovate and reposition the all-suites hotel at the Portland Airport.

The property was purchased by a Vesta Hospitality sponsored entity in June of 2024 from a lender who foreclosed on the property in late 2023. The property was previously operated as a Shilo branded hotel and is now operated as the independent Sojourn Suites on an interim basis.

The property is an attractive repositioning and rebranding opportunity in an Opportunity Zone within a robust Portland area sub-market with upscale segment occupancy at 74.1%.

The property has a highly visible location just blocks off the I-205 interchange and a straight 5-minute drive to PDX airport.

Vesta has signed a franchise agreement with Hyatt to brand the hotel with two of their flags including their upper-upscale boutique JDV soft brand and their upscale extended-stay Hyatt House brand. Hyatt currently has only one property in the airport market, which is performing above 90% occupancy.

The Sojourn is an all-suite product with oversized rooms at approximately 500sf each. The hotel is one of the few area hotels with over 10,000sf of meeting space and a restaurant/bar.

Vesta anticipates attractive returns with a projected 7.4% cash-on-cash return average per annum over the first five years and IRR (with sale proceeds) of 16.6% for the new investors. Note, no distributions are anticipated for the first two years until the repositioning is complete and operations stabilize.

The property is in an Opportunity Zone, which provides potential tax benefits.

INVESTMENT RATIONALE

- Distressed Asset - With the reported demise of the Shilo Inn chain and the recent foreclosure of this Portland Airport property, this represents an excellent opportunity to reposition this property at a total cost well below replacement cost and with significant upside.
- Fixable Issues – Due to deferred maintenance, poor management, weak brand affiliation and ownership financial issues, the revenue performance of this hotel has drastically under-performed the market. With changes to each of these areas, this hotel should perform at or above the market.
- New Management – Vesta has a demonstrated record of consistently achieving improved operating results at its acquired hotels through exceptional property renovations, emphasis on product quality, marketing, revenue management, personnel selection and training.
- Brand Conversion Upside – The conversion of this hotel to a top Hyatt affiliated brands (JDV soft brand and Hyatt House extended stay brand) will elevate the hotel to one of the top hotels in the relatively healthy Portland Airport sub-market.
- Competitive Landscape – With the airport sub-market being substantially built out, there is limited opportunity for new competitors to enter the market.
- Area Market Experience – Vesta Hospitality operated the Homewood Suites and the Country Inn and Suites at the Portland Airport for over twenty years, so the management team is exceptionally knowledgeable about hospitality demands and drivers in the sub-market. Vesta is currently operating the AC Vancouver Waterfront hotel, which also serves this sub-market.
- Location Strength – The location provides convenient access to both the Portland Airport and I-205 interchange. Plus, the site is not subject to as much airport noise as many other area hotels.
- Opportunity Zone – The property is eligible for participation in the Opportunity Zone tax advantages.
- Attractive Returns – Investor returns are projected to average 7.4% cash-on-cash per year return over the next five years and IRR (with sale proceeds) of 16.6%. Note, no distributions are anticipated for the first two years until the repositioning is complete and operations stabilize.

Opportunity Zone Investment Incentive

The hotel property is in a designated opportunity zone providing the following tax advantages, assuming certain conditions are met:

- Potential tax benefits include a temporary deferral through 2026 of capital gains reinvested in a qualified opportunity fund.
- A step-up in basis for capital gains reinvested in a qualified opportunity fund.
- A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in a qualified opportunity fund, if the investment is held for at least 10 years.

Investors should consult their own tax professionals to understand the tax implications of any investment

Architect Rendering of Exterior Design Option

Property Specifics

- The Sojourn Suites Hotel Portland Airport is a four-story, upper-midscale, full-service hotel featuring 200 oversized guest rooms (approx. 500sf each).
- The hotel has several amenities such as an indoor pool with a hot tub, a fitness center, a business center, guest laundry services, and an on-site restaurant and bar with street visibility.
- The bar includes one of three grandfathered cigar bars in the Portland area.
- The property was built in 1989 and expanded in 1991.
- The hotel’s conference facilities include 13 meeting rooms totaling 10,400 square feet.
- The hotel is situated on 5.71 acres, with 296 parking spaces, 3 guest and 1 service elevator.

Brand Strategy

- Vesta has aligned with Hyatt to do a dual branded property, which will appeal to separate market segments and position the property to maximize revenue and minimize risk.
- The first brand is the upper-upscale boutique JDV soft brand, which is expected to be 88+- rooms. Adding a boutique lifestyle hotel to the Portland Airport sub-market will provide a unique offering that is currently unmet and should perform very well.
- The second brand selected is the Hyatt House, which will compete in the proven upscale extended-stay segment. We anticipate to have 112+- Hyatt House suites.
- Hyatt currently has only one hotel at the Portland Airport sub-market, the Hyatt Place, which in 2023 ran over 90% occupancy.

Portland Metro

- Portland is a diverse metro area with a population of 2.5 million and an unemployment rate of 3.9% (11/24).
- Key employment sectors include healthcare, technology, education, manufacturing, and sports.
- Over 60,000 jobs in software and technology within the Portland Metropolitan Statistical Area.
- Major employers include Providence Health with 23,100 employees, Intel with 22,000 employees, Oregon Health & Science University with 19,600 employees, Nike with 15,500 employees and Legacy Health with 13,000 employees.
- Other significant employers include Portland State University, Peace Health, Lam Research, US Bank, and Daimler Trucks.

Sub-Market Info

- For the trailing 12 months ending December 2024, upscale chains in the submarket performed at 74.1% occupancy and an ADR of $166.11 per STR. STR includes Vancouver and Portland Airport areas in sub-market.
- NE Portland has the largest industrial base in the Portland metro area with 83.5M square feet and a direct vacancy of 5.7% per Kidder Mathews (Q4 2024).
- The submarket is well-served by major transportation routes including I-5, I-205, and I-84.
- The submarket has attracted tenants from various sectors such as e-commerce, food and beverage, construction, and technology.
- The Airport Way area, which is in the immediate area of the Shilo, has 1.2M sf of office space with a direct vacancy rate of 13.9% (Q4 2024).
- The Portland airport currently welcomes approximately 20 million visitors per year and is expected to grow to 35 million over the next 20 years.

Property Business Plan

- Major Renovation both inside and out with soft costs, budgeted for $28.5M or $142,500 per key.
- New Brand Affiliation. Signed an agreement with Hyatt to complete a dual branded property with Hyatt House and JDV.
- New Management – Vesta Hospitality took over the property in June 2024 when the property was acquired. Currently being operated with a limited staff and a management company on a short-term contract.
- Interim Operation – It will take an estimated 24 months to plan, design, permit, and renovate the property and in the interim will be operated as an independent Sojourn Suites hotel.
- Opportunity Zone – Vesta will pursue qualification of the property for Opportunity Zone qualification status.
- Proforma – On the following pages, the initial proforma is attached. It is anticipated that during the first two years of repositioning, the property will have negative cash flow after debt service funded from a $4.0M deficit reserve. After year 3, the property is anticipated to produce double digit cash-on-cash returns. Please note, the proforma is preliminary and subject to revision.
- Investment Structure – Investors to receive all cash flow unit 100% return of capital plus an 8% preferred cumulative non-compounding , then 80/20 with Vesta or affiliates receiving the 20% as sponsor incentive.
- Debt – Vesta is seeking a $32M loan to fund the renovation and repay current debt.
- FORTUNA PDX LLC will (or has paid) pay the Manager and/or affiliates the following fees: a one-time acquisition fee of $250,000 upon the purchase of the project property, a Base Management Fee of 3% of the gross revenues of FORTUNA PDX LLC, a Centralized Services/Accounting Fee of of fifteen dollars ($15) per month, per room, subject to a three percent (3%) annual increase, and a Renovation Oversight Fee (not to exceed three percent (3%) of the cost of all upgrades and/or renovation related expenditures).

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Acquisition Costs	
Purchase Price	17,425,000
Acquisition Fee	250,000
Capital EX - PIP	28,500,000
Deficit Reserves	4,000,000
Working Capital	500,000
Acquisition Closing Costs	110,000
Lender Loan Fee	320,000
Loan Broker Fee	320,000
Loan Closing Costs Other	75,000
Other	-
Total Acquisition Costs	51,500,000
Total Costs Per Room	257,500

Equity Assumptions	
Equity -2024	10,913,724
Equity - 2025	7,086,276
Equity - Hyatt Key Money	1,500,000
Equity - Total	19,500,000
Preferred Return - Cumulative Non-Compoun	8.0%
Participation After Preferred	80.0%

Financing Assumptions	Bank	Refi Dec 2027
Loan-to-Cost Ratio	62.1%	63.1%
Loan Amount	32,000,000	32,500,000
Interest Rate	9.000%	6.000%
Amortization (Yrs)	Interest Only	30

Property Sale Assumptions	
Cap. Rate (on Trailing NOI)	7.50%
Exit Price Per Room	325,172
Sales Proceeds	65,034,322
Transaction Costs (1.5%)	(975,515)
Plus Return of Working Capita	500,000
Net Sale Proceeds	64,558,807
Less Loan Balance	(31,677,177)
Net Sale Proceeds After Debt	32,881,631

Operating Data	History	Five and a Half Year Proforma Estimate				
		(Assume Independent and being renovated through 5/1/26)				
	2024	2025	2026	2027	2028	2029
	6/10/24-12/31/24					
No. of Rooms	200	200	200	200	200	200
Rooms Available	40,200	73,000	73,000	73,000	73,000	73,000
Rooms Occupied	15,872	27,452	42,624	56,211	57,235	58,374
Occupancy Rate	39.5%	37.6%	58.4%	77.0%	78.4%	80.0%
ADR	80.87	82.46	141.96	193.80	203.91	211.58
REVPAR	31.93	31.01	82.89	149.23	159.88	169.19
		-2.9%	167.3%	80.0%	7.1%	5.8%
Revenue						
Rooms	1,283,520	2,263,618	6,051,001	10,893,510	11,670,879	12,350,647
Food & Beverage	-	1,357,307	2,906,000	4,000,000	5,000,000	6,000,000
Other Departments	20,420	48,238	273,744	367,266	389,133	411,917
Misc	26,128	29,029	31,968	42,158	44,214	46,447
Total Operating Revenue	1,330,068	3,698,192	9,262,713	15,302,934	17,104,226	18,809,010
				1,603,182		
				953,182		
Departmental Expenses				**0.0875**		
Rooms	670,156	1,137,564	1,871,580	2,481,112	2,602,096	2,733,486
Food & Beverage	-	1,296,114	2,223,310	2,995,983	3,744,978	4,493,974
Other Departments	1,718	15,919	54,224	74,211	75,735	77,374
Misc	-	-	-	-	-	-
Total Departmental Costs	671,874	2,449,597	4,149,114	5,551,305	6,422,809	7,304,833
Departmental Income	658,194	1,248,595	5,113,599	9,751,629	10,681,417	11,504,177
Undistributed Expenses						
Admin. & General	236,265	458,206	779,893	1,093,876	1,169,710	1,239,034
Info & Telecom	25,806	61,466	83,152	100,800	103,824	106,939
Sales and Marketing	16,421	221,452	997,643	1,577,182	1,671,202	1,862,196
Property Oper & Maint	206,091	296,332	600,000	630,000	648,900	668,367
Utilities	213,110	334,580	480,000	500,001	515,001	530,451
Total	697,693	1,372,036	2,940,687	3,901,859	4,108,636	4,406,987
Gross Operating Profit	(39,499)	(123,441)	2,172,912	5,849,770	6,572,781	7,097,191
Management Fee	56,907	132,407	277,881	459,088	513,127	564,270
Income B4 Non-Operating	(96,406)	(255,848)	1,895,030	5,390,682	6,059,654	6,532,920

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		2024	2025	2026	2027	2028	2029
Non Operating Expenses							
Rents & Other		51,584	32,000	30,000	31,200	31,200	31,200
Insurance		105,754	255,981	263,659	271,568	279,716	288,107
Taxes		110,996	207,906	213,856	308,510	406,000	418,180
Total		268,334	495,887	507,515	611,278	716,916	737,487
EBITDA		(364,740)	(751,735)	1,387,515	4,779,403	5,342,738	5,795,433
Reserve (assumes Ramp Up)		-	-	92,627	306,059	513,127	752,360
Net Operating Income		(364,740)	(751,735)	1,294,888	4,473,345	4,829,612	5,043,073
			-20.3%	14.0%	29.2%	28.2%	26.8%
Other - Upfront Deficit Reserves		(1,031,407)	(1,769,519)	(1,199,075)			
Refi Loan Fees and Costs					487,500		
New Loan Dec 2027					(32,500,000)		
Payoff of Renovation Loan					32,000,000		
Total Non-Operating Expenses		(1,031,407)	(1,769,519)	(1,199,075)	(12,500)	-	-
NET CASH FLOW		666,667	1,017,784	2,493,963	4,485,845	4,829,612	5,043,073
Unlevered Cash Returns (6.94% Average)			2.0%	4.8%	8.7%	9.4%	9.8%
Annual Debt Service		(666,667)	(1,017,784)	(2,636,737)	(2,880,000)	(2,338,247)	(2,338,247)
Debt Service Coverage			(0.74)	0.95	1.56	2.07	2.16
LEVERAGED NET CASH FLOW		-	-	(142,774)	1,605,845	2,491,365	2,704,826
Levered Cash-On-Cash Returns (7.4% Average)			0.0%	-0.7%	8.9%	13.8%	15.0%
Project Net Sales Proceeds							32,881,631
Capital Contributions		(10,913,724)	(7,086,276)				
Project Cash Flow		(10,913,724)	(7,086,276)	(142,774)	1,605,845	2,491,365	35,586,456
Project IRR	17.1%						
Investor Cash Flow							
From Operations - Preferred Return			-	(142,774)	1,605,845	2,491,365	2,704,826
From Operations - Return of Capital			-	-	-	-	-
From Sale - Unpaid Preferred Return							731,292
From Sale - Return of Capital							18,000,000
From Sale - Profit Above Return of Capital and Preferred							11,320,271
Initial Investment		(10,913,724)	(7,086,276)				
Net Investor Cash Flow		(10,913,724)	(7,086,276)	(142,774)	1,605,845	2,491,365	32,756,389
Investor IRR - Blended 2024 & 2025 Investors	15.4%						
Investor IRR - 2025 Investors	16.6%						
Investor Cash-On-Cash Returns (7.4% Average)			0.0%	-0.8%	8.9%	13.8%	15.0%

The projected cash flow results are estimated to exist during the indicated period. The above assumptions are based on studies, existing market conditions and experiences had by the members of Vesta Hospitality. All of these assumptions and estimates are a best guess and will probably individually not be accurate and unanticipated events may occur; therefore, actual results will vary and such variations may be material.

VESTA
HOSPITALITY

Vesta Corporate
Profile

Hospitality Focused
Results Driven

Cannery Pier Hotel & Spa
Astoria, OR

Vesta Hospitality, LLC
An Ideal Partner

- **Results Driven -** Known for its ability to produce results through its emphasis on product quality, marketing, personnel selection and training.

- **Experience** - All key personnel have extensive backgrounds in hospitality.

- **Track Record -** Founded in 1996, Vesta has been involved in the management of 47 hotel properties throughout the United States and Canada. For 2023, Vesta's owned portfolio has performed on average at 127% RevPAR index when compared to their competitive sets.

- **Relationship Driven -** Vesta has built its business with a foundation of strong partnership relationships. These relationships have strengthened over time as a result of delivering a very high quality of service, strong asset performance, mutual respect, and fair and honest business practices.

- **Capacity -** With a stabilized portfolio, Vesta is positioned to take on additional assignments providing a very high level of immediate service.

Vesta Hospitality Executive Team

Rick Takach, Jr. - Chairman and CEO
35+ years of hotel management and development experience plus significant industry involvement including past chairman of IHG's Owner's Association, current board member of the AH&LA. Prior to founding Vesta in 1996, Rick was an Executive VP with Dimension Dev. Co. and a Regional Manager for Marriott Int'l.

Mark Hemmer, CHA, President
30+ years of hospitality experience, including COO of Vesta from 2006 to 2019 and prior a Regional Director for First Hospitality Group and VP of Operations for Amerinns.

Mike Cryan, Chief Investment Officer
35+ Years hotel industry experience in the hotel industry including President and CEO of Lighthouse Hospitality, Windsor Capital, Co-chair and CEO of Homestead Village and senior positions at ITT Sheraton and Arthur Anderson Hospitality

Julie Hames, CHAE, CFO
Has been with Vesta since 1997 and has 30+ years of Hospitality Experience. Prior positions include Controller and Internal Auditor for Sterling Hotels and property level experience with Northwest Lodging & Executive Properties

Rob Gartner, VP of Business Development
35+ years of real estate investment and development. Joined Vesta in 2004. Prior, was a Vice President with ScanlanKemperBard and PacifiCorp Financial Services.

Gary Maass, Regional VP of Operations
Prior to being added to the Vesta family, Gary was the VP of Operations for a hospitality company in Indiana. He also worked for Island Hospitality as General Manager, Area GM and Revenue Manager. Gary joined Vesta in 2017.

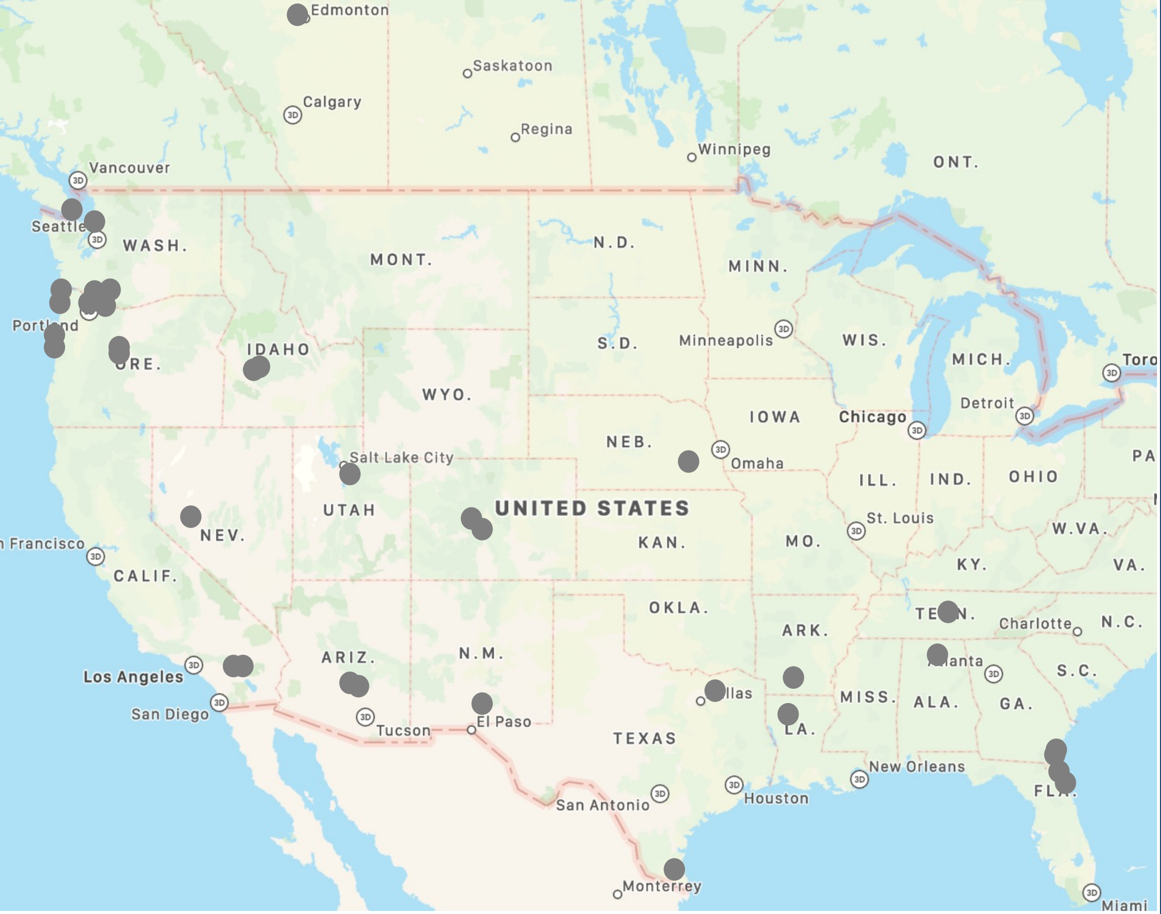
Elson Strahan, VP of Investor Relations
Extensive experience in a variety of public-private partnerships. This spans a 31-year period while serving as President of the Clark College Foundation, and as President and CEO of the Historic Trust. Joined Vesta in 2015.

Erik Trachsel, VP of Sales and Marketing
20+ years of hospitality experience, joined Vesta in 2015 as Director of Sales and Marketing at Riverhouse and in 2022 his current position. Prior Experience includes Regional Director of Sales at Aimbridge Hospitality.

Susanne Holmberg, PHR & CHT, Director of Creative Strategies and Talent Development
Originally joined Vesta in 1999. 25+ years of hospitality experience, including working in hotel operations in both Europe and U.S.

Marci Hart, Director of Amin. & Executive Asst.
25+ years of human resource and administration experience. Joined Vesta in 2007. Prior with Stoel Rives & SSAB North America

Current and Previous Properties



Current Properties		
Property	Location	Rooms
Embassy Suites	Jacksonville, FL	277
Sojourn Suites	Portland, OR	200
AC Hotel Waterfront	Vancouver, WA	150
Best Western Agate Beach	Newport, OR	148
Embassy Suites	Brunswick, GA	130
Hilton Homewood Suites	La Quinta, CA	129
Quality Inn & Suites	Colorado Springs, CO	124
Hilton Garden Inn	Mukilteo WA	102
Surfsand Resort	Cannon Beach, OR	95
La Quinta Inn & Suites	Vancouver, WA	78
Inn America	Boise, ID	73
Best Western NW Lodge	Boise, ID	69
Cannery Pier Hotel & Spa	Astoria, OR	46
Total Rooms/Suites		1,621

Previous Properties		
Property	Location	Rooms
Embassy Suites	Portland, OR	276
Holiday Inn	Lincoln, NE	231
Riverhouse Hotel & Conf.	Bend, OR	221
Best Western Cedar Park	Edmonton, Canada	195
Shreveport Holiday Inn	Shreveport, LA	190
Marriott Renaissance	McAllen, TX	165
Hotel Zoso	Palm Springs, CA	163
Homewood Suites	Seattle, WA	161
Best Western Mesilla Valley	Las Cruces, NM	160
Country Inn & Suites	Portland, OR	153
Days Inn	Nashville, TN	151
Hilton Garden Inn	Shreveport, LA	142
Hyatt Place Denver Westminster	Westminster, CO	137
Best Western Kings Inn	Eldorado, AR	131
Hilton Homewood Suites	Salt Lake City, UT	124
Hilton Garden Inn	Wilsonville, OR	118
Staybridge Suites	Glendale, AZ	116
Holiday Inn	Paris, TX	114
Hilton Homewood Suites	Portland, OR	106
Hilton Homewood Suites	Vancouver, WA	104
Hampton Inn & Suites	Salt Lake City, UT	103
Holiday Inn Express & Suites	Glendale, AZ	96
Comfort Suites	Redmond, OR	92
Best Western Promenade	Savannah, GA	89
Country Inn & Suites	Phoenix, AZ	88
Hampton Inn & Suites	Carson City, NV	85
Fairfield Inn & Suites	Westminster, CO	83
Holiday Inn Express & Suites	Vancouver, WA	78
Lincoln City Independent	Lincoln City, OR	75
Comfort Inn	Eldorado, AR	70
Savannah River Inn	Savannah, GA	53
Tillamook Branded Hotel	Tillamook, OR	51
Inn at Port Hadlock	Port Hadlock, Wa	45
Thunderbird Inn	Savannah, GA	42
Total Rooms/Suites		4,208

Recent Success

2015-2024

$396M

Transactions Completed

12 Hotels

$140M

Total Equity

100+ Investors

$64M

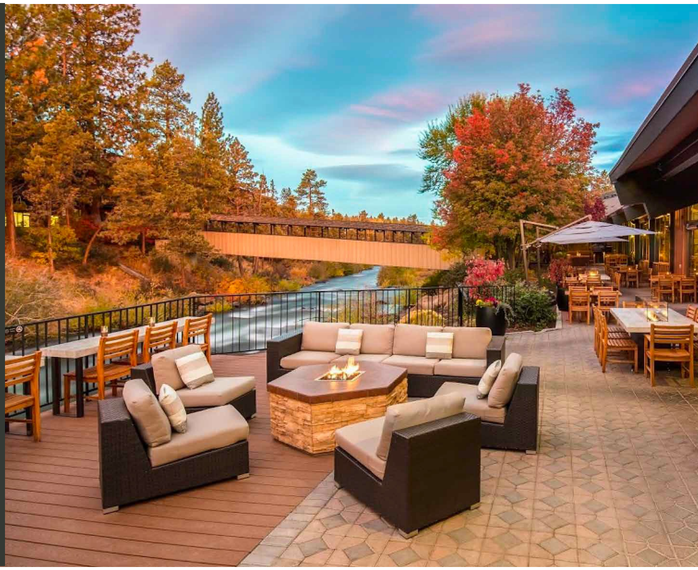
Renovations Completed

1,575 Rooms

$130M

Properties Sold

18% IRR



Current and Previous Projects

Select Properties

Riverhouse on the Deschutes - Bend, OR
Acquired resort property in 2015 for $30M, repositioned and sold for $59M in 2022.

Embassy Suites - Portland, OR
Vesta was responsible for overseeing the conversion of this historic property, which sold for $49M shortly after opening

Proven Results with all Hotel Types

Full Service

Extended Stay

Limited Service

Homewood Suites - Portland, OR
Managed by Vesta from 2002 to 2021 when it was sold. Converted in 2018 from Staybridge Suites.

AC Hotel – Vancouver, WA
Developed and opened this full-service waterfront property in 2022.

Exhibit A
Risk Factors

An investment in PDX OZ Fund LLC is suitable only for sophisticated investors who are willing to assume (and have the financial resources necessary to withstand), the risks involved and have the ability to bear the economic risk of the investment, including the entire loss of the investment. Investment in PDX OZ Fund LLC should be considered to involve significant risks, including but not limited to those risks described in this Exhibit A. The potential risk factors outlined herein are summary in nature and if not understood, should be reviewed with the Manager and your legal, tax, and investment advisors.

- Construction/Renovation Risk – project may cost more than budgeted to renovate and may take longer to renovate than expected.
- Construction Defects – Construction may have defects and may need to be be reworked.
- Loan Proceeds – Lender may not approve the anticipated loan or may not fund all anticipated construction draws. Further, at time of refinance, debt availability may not be sufficient to repay the existing loan.
- Regulatory and Environmental Risks – Property will be renovated and operated pursuant to numerous local, state, and federal laws and regulations, which can have a negative impact constructions and operations.
- Uninsured losses – The Manager will attempt to obtain insurance coverage against liability to third parties and property damages in amounts it believes reasonable and customary in the industry, however, there can be no assurance that insurance will be available or sufficient to cover all losses.
- Opportunity Zone Qualification and Compliance – The Manager intends for the project to qualify for the benefits associated with "Qualified Opportunity Zone" within the meaning of Section 1400 Z 2 (of the Internal Revenue Code of 1986 as amended). This program is complex, involves a number of significant and sophisticated regulations, and additional regulations may be implemented that are unfavorable to the project or the investors.
- No Guarantee of a return of capital – Investments in real estate are considered speculative and if the project value declines and the property were to be sold or foreclosed upon, then the return of capital could be negatively impacted and/or investors could lose their entire investment.
- Exculpation and Indemnification – The LLC Agreement expressly exculpates the Manager and its members, directors, officers, managers, employees, and agents (collectively, "Covered Persons") from any liability for any action such Covered Persons take in good faith in managing PDX OZ Fund LLC. Pursuant to the LLC Agreement, PDX OZ Fund LLC will indemnify the Covered Persons from any losses, proceedings, investigations, claims, damages, liabilities, judgments, demands, or expenses of any kind or nature whatsoever arising from any action taken or failure to act on behalf of PDX OZ Fund LLC , unless the Covered Party is not entitled to indemnification under applicable law. If PDX OZ Fund LLC becomes obligated to make such payments, such indemnification costs would be paid from funds that would otherwise be available to distribute to Members. To the extent these indemnification provisions protect the Covered Parties at the cost of the Members in PDX OZ Fund LLC a conflict of interest may exist. Members may be required to return certain amounts distributed to them to fund the indemnity obligations of PDX OZ Fund LLC.

Exhibit A
Risk Factors Continued

- Lack of Control – The operating agreements for the ownership entities will provide the Manager wide discretion to manage the project and make all decisions in controlling the assets and the project of PDX OZ Fund LLC.
- Future Recapitalization or Sale – After the investors have been in the project for 10 years, the Manager may sell or recapitalize the project at fair market value. Depending on market conditions and other factors, this event may be delayed.
- Early Sale– While it is the intent of the Manager to own the project for 10 years, circumstances may dictate that the property be sold early, which could impact the full benefits of investing in a Qualified Opportunity Zone Fund.
- No Guarantee of Profitability – Although profitability is anticipated, there can be no assurance that sufficient net profits will be obtained and that any cash will be available for distribution.
- Amount and Timing of Distributions – The Manager anticipate that after construction is complete the property will be able to distribute available cash to investors on a quarterly basis, but there is no assurance that there will be sufficient amounts for these distributions to be made, the amount of these distributions, or the regularity of these distributions.
- Risks if additional Capital is Required - In the event additional capital is needed for the redevelopment, operations, or refinance of the property, the Manager can make additional capital calls beyond initial commitments, bring in new capital partners having the impact of diluting ownership share or borrow additional funds.
- Risks of Bankruptcy or Default of Architects, Contractors, and Other Service Providers
- Weak or Negative economic growth both locally and nationally could have a negative impact on the operations and success of the project.
- New hotel competition could negatively impact the operations and success of the project.
- Loss of Franchise Agreement. The property in the process of securing a franchise agreement however, under certain conditions of default, this agreement could be terminated or alternatively not renewed, which could have a negative impact on operations and the success of the project.
- Hotel Management – The success of the hotel is dependent on hotel management executing on the business plan and generating sufficient net operating income to meet all obligations and provide necessary value to refinance the property.
- Limited History – The project has limited operating history and will require extensive rehabilitation prior to operations. Income and expenses are estimated by the Manager but may be higher or lower than expected.
- Lack of Diversification – The project is a single asset and does not provide investment diversification.
- Lack of Sperate Representation – The Manager of PDX OZ Fund LLC and its affiliates have each retained their own legal counsel in connection with the preparation of this Information Memorandum and/or the other various agreements and documents relating to the transactions described in this document, and no separate legal counsel has been retained to represent PDX OZ Fund LLC or any Member in connection with this offering. The legal counsel and other experts who have prepared the documents for this offering may also perform other services for the Manager and/or its affiliates. This representation will likely continue.
- Other Business Interests – The Manager and affiliates may own, acquire, develop, and /or operate other hotel assets that may be competitive with the project property and its operations.

Exhibit A
Risk Factors Continued

- US Securities Laws

The offer and sale of the Units in PDX OZ Fund LLC will not be registered under the Securities Act of 1933 as amended (the “Securities Act”) or the laws of any applicable state pursuant to an exemption from the registration requirements of the Securities Act and the securities laws of certain states. Each investor must furnish certain information to the Manager and represent, among other customary private placement representations, that it is acquiring its Units for investment purposes only and not with a view towards resale or distribution. Each investment by an investor also must be lawful under applicable state securities laws or the laws of the applicable foreign jurisdiction if the investor is a non U S person.

No regulatory authority has reviewed the terms of this offering, including the nature and amounts of the compensation to the Manager or affiliates, the disclosure of risks and tax consequences, and the fairness of the terms of this offering. Further, investors do not have the protections afforded in registered and/or qualified offerings, and they must judge the adequacy of disclosure and the fairness of the terms of this offering without the benefit of prior review by any regulatory authority. Furthermore, PDX OZ Fund LLC may fail to comply with the requirements of the exemptions from registration on which it is relying If so, the Members could rescind their purchase of Units under applicable state and federal securities laws If enough Members successfully sought rescission, PDX OZ Fund LLC would face severe financial demands, which would adversely affect PDX OZ Fund LLC .

The United States securities laws impose certain restrictions upon the ability of an investor to transfer its Units in PDX OZ Fund LLC. The Units may not be offered, sold, transferred, or delivered, directly or indirectly, unless (such Units are registered under the Securities Act and any applicable state securities laws, or (an exemption from registration under the Securities Act and any applicable state securities laws is available. Moreover, there will be no liquid, public market for the Units, and none is expected to develop Prospective investors in PDX OZ Fund LLC must be prepared to hold their investment for an indefinite period.

Exhibit A

Specific Risk Factors

Environmental Risks

Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances.

There is a risk that environmental issues are greater than the Company has determined or that Company has not fully or properly analyzed environmental matters affecting the Property. If such risks materialize, they could materially adversely impact the financial performance of the Company. There is also a general risk that other hazardous or toxic substances may be discovered following acquisition of the Property or after the owner disposes of the Property in the future to a third party. The Owner may incur full recourse liability for the entire cost of any removal and cleanup, the cost of such removal and cleanup may exceed the value of the Property, and the owner may not recoup any of such costs from any third party, including the seller of the Property to the Company or FORTUNA PDX LLC. In the case of any environmental liabilities, the value of an interest in the Property would be adversely affected.

Waiver of Jury Trial

The LLC Agreement contains a waiver of jury trial provision which may be deemed more favorable to management.

Sale of FORTUNA PDX Interest

The Company will invest substantially all its assets in FORTUNA PDX LLC. The Company's interest in FORTUNA PDX LLC may be purchased at a discount or for less than fair value, at any time, which may be inopportune for the Company. The Investors' return from the Company is dependent upon the value and operation of FORTUNA PDX LLC.

Capital Contribution Default Remedies are Significant

Section 5 of the LLC Agreement contains significant default remedies in favor of the Company if a Member defaults on such Member's Capital Contribution, including penalty interest and the possible forfeiture of a Member's previous investment. All prospective Investors should review the LLC Agreement carefully with their Advisers prior to investment in order to fully understand and appreciate the Company's various remedies in the event of a Capital Contribution Default by a Member.

Summary: the renovation and ownership of a hotel property, which is an operating business, has a significant number of risk factors, many of which are described in this Exhibit A. In addition, there are significant risks with respect to an investment in the Company. If you have any questions about this Information Memorandum or any aspect of the project, including any Risk Factors, please do not hesitate to ask.