

HO2 ACQUISITION & ENTITLEMENT FUND LLC INVESTMENT SUMMARY

There is a severe shortage of affordable workforce housing. This shortage is limiting the ability of employers to recruit talent to grow their businesses and is restricting the ability of communities to recover from the COVID Pandemic.

Housing O² LLC is engaged in the development of workforce housing projects. The mission of Housing O² is to enable low-income workers to build wealth through homeownership and enable local communities to recover from the COVID pandemic by providing housing needed by these workers. Housing units may be single-family or multifamily residences. In a few projects, the housing may be a particular purpose for the elderly or veterans. Housing O² may also construct apartments, mixed-use buildings, retail space, community centers, and manufacturing facilities. Property development by Housing O² is currently taking place within the State of Colorado, but opportunities for development of workforce housing extend across the United States.



HO2 Acquisition & Entitlement Fund LLC (hereinafter the 'Fund') is seeking to raise a minimum of \$2,500,000 and a maximum of \$25,000,000 from Investors. Investors will receive a four-year promissory note bearing interest at 15% per year and will share in the Remainder Profits received by the Fund.

The Fund will function as a dedicated revolving loan fund to provide financing to a selected series of individual development projects (hereinafter 'Housing O² Projects') for early-stage development activities. The Fund will review requests for funding by Housing O² Projects to determine their conformance to the Fund's lending criteria. If the Fund Manager approves the request, the Fund will make a loan to the Housing O² Project and receive a promissory note bearing interest at a rate of 15% that is secured by ownership or contract rights in any acquired land.

Each Housing O² Project will use the loan from the Fund to obtain an option to purchase land or acquire title, contract civil engineering services, and obtain government entitlement to make the land shovel ready. In many Housing O² Projects, money will be used to pre-sell constructed buildings, engage builders, and raise money for construction.

Upon resale of the land following entitlement or receipt of construction funding, each Housing O² Project will repay the loan from the Fund with interest.

All principal repayments to the Fund will be used to make loans to new Housing O² Projects until June 30, 2025. Beginning July 1, 2025, principal repayments will be passed through to Investors until their original investment has been repaid.

All payments of interest will be passed on by the Fund to Investors. The Fund will make additional interest payments out of its share of Remainder Profits until Investors have received interest payments equal to 15% per year for the four-year term of the promissory note.

It is anticipated that the average life of a loan from the Fund to each Housing O² Project will be between 6 months and 12 months. This will result in Investors receiving interest payments once or more each year from January 1, 2023 to June 30, 2026.

In addition, each Housing O² Project will pay the Fund a share of any Remainder Profits. Remainder Profits represent the net amount held by a Housing O² Project after paying all expenses, all debt or mortgage financing principal and interest, returning all equity investment, and distributing all profits earned by equity investors. The Fund will receive 10% of all Remainder Profits distributions until the Fund has received payments equal to 45% of financing made to each Housing O² Project. After that, the Fund will receive distributions equal to 5% of Remainder Profits.

It is anticipated that the Fund will receive distributions of Remainder profits upon achievement of one of the following exits or milestones:

- Upon the sale of land following entitlement
- Upon the sale of land following horizontal land improvement
- Upon the sale of land following the construction of buildings
- Upon the sale of land following a rental term after the construction of buildings

The distributions may occur as early as six months and as late as nine years after the Fund is active.

If the Fund successfully raises its goal of \$25,000,000 in funding, it is projected that the Fund will finance 300 Housing O² Projects within three years. It is projected that each Project will result in the construction of an average of 50 housing units. The success of all Housing O² Projects may result in a total of 15,000 housing units constructed with a total market value of over \$4 billion.

The Fund will charge an annual management fee equal to 2% of the money invested in the Fund and a performance fee of 10% of Remainder Profit distributions. The Fund will make a donation of 2% of Remainder Profits to the nonprofit Rural Workforce Housing Innovation Coalition to address challenges to rural workforce housing.

Mark Pacheco is the Fund Manager. Dr. Pacheco has extensive experience in securities sales and management, rural community issues and real estate development and finance. He will be supported by a Board of Fund Advisors that will review applications for Housing O² Projects and provide recommendations.

For more information, please contact:

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