

OFFERING CIRCULAR

ELKS TEMPLE PROPERTIES LLC

May 16, 2016

\$10,000,000 Class A Preferred Membership Units

Minimum Investment: \$150,000

Purchase Price Per Class A Preferred Unit: \$25,000

Number of Class A Preferred Units Offered: 400

Elks Temple Properties LLC, a Washington limited liability company (the "Company"), is offering Class A Preferred Membership Units ("A Units") to prospective investors. This offering circular ("Circular") describes the terms on which the A Units will be offered and sold. The Company has acquired the Elks Temple property, located in Tacoma, Washington (the "Property"), and intends to develop the Property and lease it to be operated as a McMenamins facility featuring approximately 46 hotel rooms; historic art; space for live music, events, weddings and meetings; a ballroom that will feature a tiny indoor city with lodging rooms and gardens; three restaurants; small bars; a McMenamins brewery; and on-site gardens that will provide the restaurants with fresh, seasonal ingredients (the "Project").

This Circular is informational, and is not an offer to sell A Units. The A Units are offered only pursuant to a subscription agreement. A subscription agreement will be provided, and an offer of A Units made, only to persons who (A) have provided proof of Accredited Investor status and (B) are resident or domiciled in a state in which all required filings relating to the offering have been filed and accepted.

The offer and sale of A Units will not be registered under state or federal securities laws pursuant to exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Act"), under Rule 506(c) of Regulation D and corresponding exemptions under state law. A Units are being offered and sold only to Accredited Investors. See "Plan of Distribution and Investment Procedures" on page 51.

The Company intends to use proceeds from the offering, after payment of costs associated with the purchase of the Property and this offering, to develop and lease the Property. The total offering amount may range from a minimum of \$8,000,000 to a maximum of \$12,500,000. The Company will not accept payment from investors until the Company receives \$7,500,000 in subscriptions from outside investors.

Investors in McMenamins' recent development of the Anderson School in Bothell, Washington, will be given priority to invest in the Company.

A Units are being offered by the Company directly. No person involved in the offering of A Units will receive any cash compensation for selling A Units. There is no public market for A Units, and the Company does not foresee any market for A Units developing in the future.

The A Units offered are speculative, involve a high degree of risk, and are suitable only for persons of substantial means. Investors must be prepared to bear the risk of their

investment for an indefinite period of time. For a discussion of certain risks to be considered prior to making an investment in the Company, see "Risk Factors" beginning on page 10.

The A Units offered have not been registered under the Act or any state securities laws. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, independently determined that the securities are exempt from registration, or passed upon the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offense.

The date of this Circular is May 16, 2016.

CONFIDENTIAL OFFERING CIRCULAR

ELKS TEMPLE PROPERTIES LLC

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NOTICES TO INVESTORS

EACH INVESTOR PURCHASING A UNITS WILL BE REQUIRED TO COMPLETE AND EXECUTE A SUBSCRIPTION AGREEMENT, WHICH IS SUBJECT TO ACCEPTANCE OR REJECTION BY THE COMPANY. ANY PURCHASE OF A UNITS SHOULD BE MADE ONLY AFTER A THOROUGH REVIEW OF THE ENTIRE SUBSCRIPTION AGREEMENT. IF ANY OF THE TERMS OF THE SUBSCRIPTION AGREEMENT ARE INCONSISTENT WITH THIS CIRCULAR, THE SUBSCRIPTION AGREEMENT WILL CONTROL.

A UNITS OFFERED ARE NOT AND WILL NOT BE REGISTERED UNDER THE ACT OR UNDER STATE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD ONLY TO ACCREDITED INVESTORS WITHIN THE MEANING OF RULE 501 UNDER THE ACT. A UNITS MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF BY AN INVESTOR EXCEPT IN COMPLIANCE WITH APPLICABLE STATE AND FEDERAL SECURITIES LAWS.

A UNITS WILL ALSO BE SUBJECT TO RESTRICTIONS ON TRANSFER SET FORTH IN AN OPERATING AGREEMENT THAT INVESTORS WILL BE REQUIRED TO ENTER INTO WITH THE COMPANY. IF ANY OF THE TERMS, CONDITIONS, OR OTHER PROVISIONS OF THE OPERATING AGREEMENT ARE INCONSISTENT WITH OR CONTRARY TO THE DESCRIPTION OF TERMS IN THIS CIRCULAR, THE OPERATING AGREEMENT WILL CONTROL.

INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES SPECIAL INVESTMENT CONSIDERATIONS. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THIS CIRCULAR PRIOR TO MAKING AN INVESTMENT IN LIGHT OF THE SIGNIFICANT RISK AND RESTRICTIONS ON TRANSFER OF A UNITS. ACQUISITION OF A UNITS SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN BEAR THE ECONOMIC RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD AND CAN AFFORD A TOTAL LOSS OF THEIR INVESTMENT.

THIS CIRCULAR SHOULD BE CAREFULLY REVIEWED BY INVESTORS AND THEIR INVESTMENT, LEGAL, TAX OR OTHER ADVISERS. IN DETERMINING WHETHER TO INVEST IN THE COMPANY, INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THIS INVESTMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. INVESTORS SHOULD NOT CONSTRUE ANY STATEMENTS MADE IN THIS CIRCULAR AS TAX OR LEGAL ADVICE.

REPRESENTATIVES OF THE COMPANY WILL BE AVAILABLE TO EACH PROSPECTIVE INVESTOR, PRIOR TO THE ACCEPTANCE OF SUBSCRIPTIONS FOR A UNITS, TO GIVE INVESTORS AN OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS CONCERNING AN INVESTMENT IN THE COMPANY AND THE COMPANY'S PLANNED PROJECT.

THIS CIRCULAR IS NOT TO BE CONSIDERED AN OFFER IN ANY JURISDICTION IN WHICH SUCH AN OFFER IS NOT AUTHORIZED OR IS UNLAWFUL.

INFORMATION CONTAINED IN THIS CIRCULAR IS PROVIDED AS OF THE DATE OF THIS CIRCULAR. NEITHER THE DELIVERY OF THIS CIRCULAR NOR ANY SALE MADE HEREUNDER IMPLIES, UNDER ANY CIRCUMSTANCE, THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY AND THE INFORMATION CONTAINED HEREIN SINCE THE DATE OF THIS CIRCULAR.

THE COMPANY RESERVES THE RIGHT TO WITHDRAW OR MODIFY THIS OFFERING AT ANY TIME AND TO ACCEPT OR REJECT ANY PROSPECTIVE INVESTMENT IN ITS SOLE DISCRETION.

ALL FINANCIAL INFORMATION CONTAINED IN THIS CIRCULAR HAS BEEN COMPILED BY THE COMPANY. IN ADDITION, CERTAIN GENERAL INFORMATION REGARDING THE INDUSTRY AND COMPETITION IS BASED UPON OR DERIVED FROM INFORMATION PROVIDED BY INDUSTRY SOURCES. THE COMPANY CANNOT GUARANTEE THE ACCURACY OF INFORMATION PROVIDED BY THIRD PARTIES AND HAS NOT INDEPENDENTLY VERIFIED SUCH INFORMATION. THE COMPANY EXPRESSLY DISCLAIMS RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF FINANCIAL INFORMATION OR PRO FORMA INFORMATION OR PROJECTIONS BASED ON SUCH INFORMATION.

THIS CIRCULAR AND THE RELATED DOCUMENTS CONTAIN FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS INCLUDE ESTIMATES, PROJECTIONS, AND OTHER STATEMENTS ABOUT THE FUTURE. ACTUAL RESULTS, EXPENSES, OR CAPITAL REQUIREMENTS ARE LIKELY TO DIFFER, PERHAPS MATERIALLY, FROM THOSE PROJECTED IN THE FORWARD-LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS, INCLUDING, BUT NOT LIMITED TO, THE SPECIFIC RISK CONSIDERATIONS SET FORTH IN THE "RISK FACTORS" SECTION OF THIS CIRCULAR. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY WILL ATTAIN RESULTS STATED IN OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS.

EXECUTIVE SUMMARY

Description of the Company and Project.

The Company, Elks Temple Properties LLC, has acquired the Property, which it plans to develop and lease for operation as a McMenamins facility. The Company will be managed by Dance on Air Properties, LLC, a Washington limited liability company (the "Manager" or "DAP"). DAP is an entity controlled by Mike McMenamin that will oversee and manage construction of the Project. The Company was formed in 2009, purchased the former Elks Temple building that same year, and later completed the acquisition of the adjacent annex.

The Elks Temple building provides approximately 45,000 square feet of space. The Company will develop the Property into a lodging, dining, and community facility featuring approximately 46 hotel rooms; historic art; space for live music, events, weddings and meetings; a ballroom that will feature a tiny indoor city with lodging rooms and gardens; three restaurants; small bars; a McMenamins brewery; and on-site gardens that will provide the restaurants with fresh, seasonal ingredients.

After Project development is complete, the Company will enter into a lease of the Property (the "Lease") to McMenamin's Brew Pubs, Inc., a Washington corporation ("Brewpubs"), a wholly owned subsidiary of McMenamins, Inc., an Oregon corporation. Brewpubs will operate the developed facilities. The initial Lease term will be 20 years with two 10-year renewal options. Annual base rent for the first year of the initial Lease term will be 7.5% of total Project costs, payable monthly. Under the Lease, Brewpubs will be obligated to pay any construction costs to the extent those costs exceed the available proceeds of the construction loan, this offering, and any tax credit equity raised; construction costs paid by Brewpubs will not be included in the calculation of rent. However, if development costs exceed budgeted costs, the Company may increase the amount of the construction loan if permitted by the lender, or could seek to raise additional equity capital or incur other debt. Base rent will increase 2% annually during the initial Lease term. However, for year 11 of the initial Lease term, base rent will be adjusted to fair market rent (but the adjusted base rent will not be less than the base rent in effect for the preceding year). Base rent will continue to increase 2% annually for the duration of the initial Lease term. Base rent will also be adjusted to fair market rent at the beginning of each renewal (but the adjusted base rent will not be less than the base rent in effect for the preceding year) and will increase annually at a rate agreed to by the Company and Brewpubs.

The McMenamins organization, which consists of McMenamins, Inc. and its subsidiaries ("McMenamins"), is an iconic Pacific Northwest hospitality provider. Since its founding in 1983 by brothers Mike and Brian McMenamin, McMenamins, famous for resurrecting old buildings and transforming them into places people seek out, has grown from one pub in Portland, Oregon to 54 locations, including the recent development of the Anderson School in Bothell, Washington. Its focus on creative community hubs, attractive concert venues, love for art and history, vintage fixtures, vegetable/herb/flower gardens, and historic buildings draws loyal fans and admirers. Independently-owned, McMenamins continues to earn recognition for its reimagining of historic properties and artistic restorations that spotlight local heritage and bolster tourism. McMenamins also has a large staff with significant experience developing and

operating its properties, including second generation McMenamins family members and nearly 150 employees with a tenure of 15 years or more. For more information see the "Management Team" section below.

Financial Projections.

Elks Temple Properties LLC is an early-stage company with no operating history and little working capital at this time, but it will draw on McMenamins' experience and expertise in developing similar projects. The Company was formed for the purpose of acquiring, developing, and leasing the Property. The financial projections attached to this Circular set forth eight years of the Company's projected financial results, and five years of Brewpub's projected financial results from Project operations, in each case beginning upon completion of development. The financial projections have been prepared by McMenamins based on its past experience with similar projects and have not been certified by any accountants or other professionals. The projections could be significantly affected by certain events that are described in the "Risk Factors" section of this Circular or other unanticipated events. In addition, the financial projections are based on a set of assumptions that McMenamins believes is accurate, but those assumptions could be incorrect, which could materially affect the performance of the Company.

Financing Requirements, Capital Structure and Use of Proceeds.

The Company has 700 authorized units of membership interest ("Units") comprising 500 A Units, 50 Class B Nonvoting Units ("B Units"), and 150 undesignated Units. The Company plans to sell \$10,000,000, or 400, of its A Units, in this offering. The Company will not accept payment from investors until the Company receives \$7,500,000 in subscriptions from outside investors.

DAP will invest \$500,000 in the securities offered, for which it will be issued 20 A Units. This amount is in addition to the minimum subscription amount of \$7,500,000 from outside investors; thus the minimum total offering amount is \$8,000,000.

50 B Units have been issued to DAP for its services as Project developer and Manager.

The Company plans to use the proceeds of the sale of A Units to repay the purchase price and expenses incurred to acquire the Property, to pay development costs and offering expenses, and to provide working capital for development.

The planned development of the Property is expected to generate Federal Historic Rehabilitation Tax Credits. The Company may attempt to monetize these tax credits to secure approximately \$5,000,000 in tax credit equity for the Project. Obtaining this tax credit equity is not guaranteed, however, and the structure for obtaining it is not settled. It is possible that Brewpubs may utilize part of the available tax credits directly, in return for additional investment in the Project. However, an outside investor may be found who is willing to provide the tax credit equity. Identifying and securing such an investor may be costly and is uncertain. Any tax credits not utilized by an outside investor or Brewpubs may be allocated to investors purchasing A Units.

Brewpubs or an outside investor providing tax credit equity may receive a new class of units in the Company, the terms of which are to be determined.

Preferred Return.

A Units will receive an 8% per annum, noncompounded, preferred return on invested capital before any distributions are made to B Units. Return over 8% will be allocated 33% to A Unit holders and 67% to the B Unit holder.

Based on the Company's projections, A Unit holders are expected to receive a total return over the assumed life of their investment in the Company equivalent to an internal rate of return between 9.6% and 10.4%.

Rights and Obligations of the Manager.

The Manager has exclusive control over the business and affairs of the Company. The Manager maintains total control over the development and construction of the Project. This control includes spending money, modifying construction plans, maintaining the books, issuing Units if necessary for additional capital calls, hiring contract personnel, determining the need to borrow money or increase borrowings, securing such funds, and all other activities necessary for completion of the Project. The Manager will receive an annual fee equal to 0.5% of aggregate capital commitments by investors to cover overhead costs of managing and administering the Company. As the developer of the Project, the Manager also reserves the right to receive a one-time fee equal to 1.0% of development costs.

The Company will reimburse the Manager for all out-of-pocket costs and expenses incurred in connection with the preparation of Company documents, this offering and the operation of the Company, including without limitation, insurance costs and accounting, legal, and other professionals' fees.

Rights and Obligations of the Members.

The A Unit holders and B Unit holders are collectively the "Members" of the Company. Members' liability is limited to the extent of their capital contributions (i.e. their investment). Members holding A Units are entitled to one vote per A Unit. B Units do not have voting rights. Under the Company's operating agreement to be entered into upon the issuance of A Units (the "Operating Agreement"), A Unit holders have voting rights only with respect to certain major events affecting the Company. Members have no say in the day-to-day operation of the business.

Defined Terms.

An index of defined terms begins on page 52 of this Circular.

SUMMARY OF OFFERING TERMS

This summary highlights the terms of the offer and sale of A Units by the Company and is qualified by the more detailed information appearing elsewhere in this Circular. The Company may change the terms of the offering in its sole discretion.

The Company: Elks Temple Properties LLC, a Washington limited liability company.

The Project: The development and subsequent leasing of the Elks Temple property.

The Company purchased the former Elks Temple building in 2009, and subsequently acquired the adjacent annex. The Elks Temple building provides approximately 45,000 square feet of space. The Company will develop the Property into a lodging, dining, and community facility featuring approximately 46 hotel rooms; historic art; space for live music, events, weddings and meetings; a ballroom that will feature a tiny indoor city with lodging rooms and gardens; three restaurants; small bars; a McMenamins brewery; and on-site gardens that will provide the restaurants with fresh, seasonal ingredients. After development is complete, the Company will enter into a lease of the Property (the "Lease") to McMenamin's Brew Pubs, Inc. ("Brewpubs"), a wholly owned subsidiary of McMenamins, Inc., which will operate the developed facilities.

Manager: Dance On Air Properties, LLC, a Washington limited liability company, controlled by Mike McMenamin.

Securities Offered: Class A Preferred Units ("A Units").

Total Offering: \$10,000,000 sought. Total Offering amount may range from a minimum of \$8,000,000 to a maximum of \$12,500,000. No funds will be accepted until commitments for \$7,500,000 are received from outside investors. The Company may increase the maximum offering amount in its sole discretion.

DAP will invest \$500,000 in the securities offered, for which it will be issued 20 A Units.

Offering Price: \$25,000 per A Unit. \$150,000 minimum investment (6 A Units).

Use of Proceeds:

- Repay purchase price and related capital costs and expenses (\$1.24 million) incurred to acquire the Property
- Management and Development fees
- Offering expenses
- Working capital for development.

Project costs will be funded as follows:

Purchase Costs	\$1.24MM
Development Costs	\$26.37MM
Management and Development Fees	\$0.27MM
Offering Expenses	<u>\$0.12MM</u>
Total Project Cost	\$28.00MM
Equity Investment – DAP	\$0.50MM
Equity Investment – Offering	<u>\$9.50MM</u>
Total Equity	\$10.00MM
Construction to Permanent Loan	<u>\$18.00MM</u>
Equity and Debt Capital	\$28.00MM

Closing and Drawdowns:

Initial closing will occur as soon as practicable after the Company receives \$7,500,000 in commitments from outside investors.

Commitments are payable 25% at closing, balance as needed during Project development, with not less than 10 business days' prior written notice. Investors should expect to fund their entire commitments within 60 days of closing.

Capital Structure:

700 authorized units of membership interest, comprising:

- 500 A Units
 - 400 A Units, to be sold in this offering, including 20 A Units to be issued to DAP for \$500,000
 - 100 A Units, authorized but not outstanding, for oversubscriptions
- 50 B Units, issued to DAP as Project developer and manager.
- 150 undesignated Units, authorized but not outstanding. The Company may designate all or part of these Units as additional A Units, if the Company increases the maximum offering amount.

Preferred Return: A Units will receive an 8% per annum, noncompounded, preferred return on invested capital before any distributions are made to B Units. Thereafter, B Units will receive a portion of distributions, referred to as a "Promote" or "Carried Interest," as shown below:

Return to A Units	% of Distributions To A Units	% of Distributions To B Units
Up to 8%	100%	0%
Over 8%	33%	67%

Allocation of Profits and Losses: All items of income, gain, loss and deduction will be allocated to Members in a manner generally consistent with the distribution priorities set forth above under "Preferred Return."

Distributions; Tax Draws: When operations commence, the Company plans to make quarterly distributions of available cash to Members. At a minimum, the Company will distribute a percentage of Company pass-through taxable net income as a tax draw, at least 14 days before each quarterly federal tax payment deadline. The percentage will be based on the highest combined federal and state individual income tax rate for an individual resident in California. Other distributions will be made solely at the discretion of the Manager.

Lease: Before Project development begins, the Company will enter the Lease for the Property to Brewpubs, which will operate the Property as a hotel, restaurant, and event space after development is complete. The initial Lease term will be 20 years with two 10-year renewal options.

Annual base rent for the first year of the initial Lease term will be 7.5% of total Project costs, payable monthly. Base rent will increase 2% annually during the initial Lease term. However, for year 11 of the initial Lease term, base rent will be adjusted to fair market rent (but the adjusted base rent will not be less than the base rent in effect for the preceding year). Base rent will continue to increase 2% annually for the duration of the initial Lease term. Base rent will also be adjusted to fair market rent at the beginning of each renewal (but the adjusted base rent will not be less than the base rent in effect for the preceding year) and will increase annually at a rate agreed to by the Company and Brewpubs.

Under the Lease, Brewpubs will be obligated to pay any construction costs to the extent those costs exceed the available proceeds of the construction loan, this offering, and any tax credit equity raised; construction costs paid by Brewpubs will not be included in the calculation of rent.

- Tax Credits:** The planned development of the Property is expected to generate Federal Historic Rehabilitation Tax Credits. The Company may attempt to monetize these tax credits to secure approximately \$5,000,000 in tax credit equity for the Project. It is possible that Brewpubs may utilize part of the available tax credits directly, in return for additional investment in the Project. However, an outside investor may be found who is willing to provide the tax credit equity. Any tax credits not utilized by Brewpubs or an outside investor may be allocated to investors purchasing A Units.
- Brewpubs or an outside investor providing tax credit equity may receive a new class of units in the Company, the terms of which are to be determined.
- Development Fee:** The Manager will serve as the developer of the Project and reserves the right to receive a one-time fee equal to 1.0% of development costs.
- Management Fee:** The Manager will receive an annual fee equal to 0.5% of aggregate capital commitments by investors other than DAP to cover overhead costs of managing and administering the Company.
- Operating Expenses:** In addition to the Management Fee, the Company will reimburse the Manager for all out-of-pocket costs and expenses incurred in connection with the preparation of the Company documents, this offering and the operation of the Company, including, without limitation, insurance costs, and accounting, legal, and other professionals' fees.
- Call Option:** Beginning eight years after development is completed and operations begin on the Property, the Company or its designee will have an option to purchase some or all the A Units at 105% of Unit value (the "Call Option"). Unit value will be the amount the A Units holders would receive for each Unit if the Project were sold for formula fair market value, all liabilities of the Company were paid, and the remaining proceeds were distributed to the Members. Formula fair market value of the Project will be determined by dividing the annual rent under the Lease, by the fair market value capitalization rate. The fair market value capitalization rate will be determined by a certified real estate expert.
- Put Option:** Also beginning eight years after development is completed and operations begin on the Property, each investor will have an option to require that the Company purchase its A Units at 95% of Unit value (the "Put Option"). Unit value will be determined as described for the Call Option. Exercise of Put Options will be limited to an annual 60-day period specified by the Company. The purchase price per Unit will be paid in cash within 180 days following the expiration of the 60-day

option period; provided, however, that in the event that Class A Members holding more than 10% of the Class A Units exercise the Put Option in any given calendar year, the purchase price may be payable over five years with interest. The interest rate will be the publicly announced prime or similar reference rate quoted in *The Wall Street Journal* on expiration of the 60-day option period.

Capital Calls:

Investors are not required to invest funds beyond the original commitment for A Units. If the Manager determines that additional capital is required, the Manager will give all Investors notice of the terms proposed for the additional investment, and provide at least 30 days for Investors to elect to invest additional funds pro rata on the proposed terms. Terms proposed for the additional investment may include issuance of previously undesignated Units with a preferential return different from and prior to that of A Units. Issuance of additional Units pursuant to a capital call will dilute the interest of A Unit holders who elect not to participate in the capital call.

For this Project, Brewpubs has agreed to bear any cost overruns exceeding the available proceeds of the construction loan, this offering, and any tax credit equity raised. However, if development costs exceed budgeted costs, the Company may increase the amount of the construction loan if permitted by the lender, or could seek to raise additional equity capital or incur other debt.

Class A Preferred Approval:

The Manager will have authority over day-to-day operation of the business. The following actions will require majority approval of A Units:

- Merger or consolidation with another entity;
- Conversion of the Company to another form of entity;
- Sale or disposition of the Company (but not sale of the Project);
- Amendment of the Lease, if the amendment would materially change the economic terms to the Company;
- Amendment of the operating agreement or certificate of formation (except to designate terms of new units under a capital call or as otherwise expressly provided).

Voting Rights:

One vote per A Unit. Majority approval (by percentage of A Units) is required for matters to be considered approved, except as otherwise stated.

Transfer of Interests:	The Operating Agreement will allow transfer of Units only (a) with the prior written consent of the Manager, or (b) by inheritance, intra-family transfer or family dissolution. Any such transfer must comply with certain tax and securities laws requirements. A transferee of a membership interest may not become a substitute member without the prior written consent of the Manager. All expenses incurred by the Company related to a transfer of Units will be charged to the Member requesting the transfer.
Reports:	Investors will be sent quarterly investor communications. Investors will also receive an annual report containing financial statements and information regarding the Company required by investors for preparation of their respective tax or information returns, including a Form K-1. Administrative costs incurred by the Company for reports and preparation of tax information will, to the extent not covered by the Management Fee, be reimbursed to the Manager or paid directly by the Company as a Company expense.
Tax Matters:	The Company will be taxed as a partnership for income tax purposes. Accordingly, investors will be required to report items of profit and loss on their own tax returns, and will be required to pay tax due on the Company's income regardless of whether distributions are received from the Company.
Securities Law Matters:	A Units will not be registered under the Securities Act of 1933, as amended (the "Act"). A Units will be sold pursuant to exemptions from the Act's registration requirements provided by Rule 506 of Regulation D and comparable state securities laws exemptions.
Investor Qualifications:	Accredited investors only. Investors must have no need for liquidity of the funds invested and be able to afford a total loss of their investment. Proof of accredited investor status will be required. IRA funds are not being accepted for investment.

RISK FACTORS

An investment in Elks Temple Properties LLC involves a high degree of risk and special investment considerations. A Units are being offered only to accredited investors. Prospective investors should carefully consider the risks involved in investing in the Company. Certain risk factors are set forth below. In setting forth these risk factors, the Company has not attempted to be exhaustive or to diminish the need for prospective investors to undertake due diligence investigation of the Company, its management, its plans and its practices; the Property; the Project and its operational model; the market and actual or potential competitors; and any other factors that the prospective investors deem relevant.

Brewpub's Success is Key to the Company's Success.

The Company's success depends on Brewpubs' ability to profitably operate the Property under the Lease. The Company's sole source of income is the Lease. If Brewpubs is not able to operate the Property profitably and defaults on the Lease, or defaults on the Lease for any other reason, the Company will not be able to generate income or pay Preferred Returns to the investors.

The Company Will Rely Heavily on McMenamins.

Elks Temple Properties LLC will rely heavily on McMenamins' experience and past success in developing the Property. McMenamins has experience restoring historic buildings into hotel properties and successfully operating these projects. The Company is developing the Property in accordance with this model with the intent that Brewpubs will operate the Project. If McMenamins fails to provide proper guidance or perform as the Company currently expects, the Company's financial projections may not be achieved.

Development Cost Overruns Could Require Additional Capital.

Any real estate development project involves significant risk that costs of development, construction, and completion will exceed budgeted costs. The development of the Property involves the additional risk that renovation of existing buildings may involve dealing with conditions that are unknown at this time. Furthermore, the Company is attempting to maintain certain architectural features of the Property that might otherwise be altered or eliminated because of the additional costs associated with repair or future maintenance. A recent McMenamins project entailing similar risks, the Anderson School renewal in Bothell, Washington, exceeded initially budgeted costs by approximately 19 percent. For this Project, Brewpubs has agreed to bear any cost overruns exceeding the available proceeds of the construction loan, this offering, and any tax credit equity raised. However, if development costs exceed budgeted costs, the Company may increase the amount of the construction loan if permitted by the lender, or could seek to raise additional equity capital or incur other debt. If such funding sources are not available, it may not be possible for the Company to complete the Project, and the Company might default on its loan obligations. If the additional funding is available, the cost of obtaining it in order to complete the Project could adversely affect the financial performance of the Project and returns to investors.

The Company Does Not Have Diversified Investments.

The financial projections are based on the income anticipated from the Lease. The Company has no other stream of income. If the Company does not receive income from the Lease, then the Company's financial projections may not be achieved and investors' return could be adversely impacted.

Revitalization Efforts in the City of Tacoma May Not Occur or Be Successful

The Property is one of several recent planned revitalization efforts occurring in Tacoma's downtown core. It is anticipated that successful revitalization would improve the likelihood of success for the Project. These revitalization efforts may not occur or be successful, however. If redevelopment and revitalization of the City of Tacoma do not occur as anticipated, or if revitalization occurs but the neighborhood subsequently changes, these events may have a negative impact on the Project and return to investors.

The Project Does Not Include Parking.

The Project does not provide for the development of any on-site parking. It will therefore be dependent on nearby parking lots, street parking, and parking structures. These parking resources may be closed, restricted, or otherwise not available to guests in the future. As set forth in "The Project" section below, the Project plans include methods for providing adequate parking. However, if adequate parking is not available in the area, the Company's performance may be adversely affected.

McMenamins Was Recently Awarded the Exclusive Right to Negotiate a Lease for a Redevelopment Project That, While Anticipated to be Complementary, Could Compete with the Project.

The City of Tacoma recently awarded McMenamins the exclusive right to negotiate a lease agreement for a redevelopment project involving Tacoma's historic Old City Hall, which is across the street from the Property.

If McMenamins' lease terms are accepted, it will move forward with converting Old City Hall into a McMenamins complex featuring approximately 70 hotel rooms, event space, small bars, soaking pools, and a rooftop restaurant. As set forth in "The Project" section below, the Company and McMenamins will work to ensure the Project and the Old City Hall project are complementary but, given the similar amenities and proximity of the Property and Old City Hall, the properties could compete with each other.

Investors in this offering will receive no interest in the Old City Hall project by virtue of their ownership of the Company. If McMenamins seeks outside investment for the Old City Hall project, McMenamins is likely to give priority to investors in this offering and investors in similar McMenamins projects. However, investors in this offering are not guaranteed an opportunity to invest in the Old City Hall project.

Securing Tax Credit Equity for the Project, if Available, Could Affect the Company's Capital Structure.

The Company may attempt to monetize expected tax credits to secure approximately \$5,000,000 in tax credit equity for the Project. However, obtaining this tax credit equity is not guaranteed and the structure for obtaining it is not settled. It is possible that Brewpubs will utilize part of the available tax credits directly, in return for additional investment in the Project. However, an outside investor may be found who is willing to provide the tax credit equity. Identifying and securing such an investor may be costly and is uncertain.

If the Company does secure tax credit equity for the Project from an outside investor, the investor is likely to require, among other things, a change in how the entities involved with the Project are structured. For example, the tax credit equity investor may require that it receive a new class of units in the Company, the terms of which are to be determined. Any such change to the proposed terms of the Company's capital structure would be described in an amendment to this Circular.

Termination of the Lease Would Severely Impact the Company.

Under the terms of the Lease, the Lease can be terminated by Brewpubs in certain circumstances (e.g., damage, destruction, condemnation). If the Lease is terminated, the Company may not be able to find a new tenant for the Property, or find a new tenant that will pay the same or a greater amount of rent. Failure to have rental income would adversely affect return to investors and possibly result in failure and insolvency of the Company.

Defaults by Brewpubs May Interrupt Cash Flow, Cause a Decline in the Project Value, or Cause a Default Under the Lease.

If Brewpubs, as tenant, defaults on the Lease with the Company, the Company and Manager cannot guarantee that they will be able to remove Brewpubs promptly, find a new tenant for the Property, or find a new tenant that will pay the same or a greater amount of rent. In addition, if Brewpubs files for bankruptcy, the Company may be unable to quickly recover the Property or collect rent owed by the tenant to cover the expenses associated with the Property during this period. In such a situation, there is no guarantee that the Company will be able to again lease the Property at the rental rates used to prepare the financial projections, and the assumptions used by the Company in calculating the projections could be inaccurate. Furthermore, if Brewpubs is unable to make payments under the Lease, the cash flow from the Property would cease until another tenant is found and the cash flow from the Property that would have otherwise been paid to the Company in the interim would be lost.

The Fair Market Value of the Lease May Not Equal the Fair Market Rental Value.

For the initial 10-year term of the Lease, base rent is based on the cost to acquire and develop the Project and is not tied to the fair market rental of the Property. There is a risk that the base rent for the Property during the 10-year term could become materially less than the fair market rental value of the Property.

The Company's Insurance Policies May Not Be Adequate to Cover Losses that the Company May Incur.

The Company will arrange for comprehensive insurance coverage on the Project. Some catastrophic losses may be either uninsurable or not economically insurable. If a disaster occurs, the Company could suffer a complete loss of all capital invested in, and any profits expected from, the Property. If insurance does not cover the damages or liabilities associated with the Property or the Company does not have adequate funds to cover the damage or liability, the Company may be forced to sell the Property at a loss or borrow capital to fund the repairs or losses. In addition, the insurance industry is reviewing the types of insurance coverage that are available and significant changes to the insurance industry and the types of insurance available could occur and adversely affect the Company's ability to fully insure the Property.

Environmental Contamination Is Present on the Property.

Asbestos-containing material, lead-based paint, mold, mildew, and potentially an old oil tank, are present on the Property. The Company will take steps to remediate or address any hazardous materials and contamination on the Property or for which the Company may be responsible, as part of the development plan.

Any contamination discovered in the future, or unanticipated challenges in remediating known contamination, could cause the Company to incur significant expense, and could affect the return to investors and the success of the Project.

The Property Value Is Unpredictable.

The Property likely will not be sold while investors hold A Units. If the Company purchases an investor's A Units pursuant to the Put Option or Call Option, the value of A Units will be calculated based on a formula fair market value of the Project, which will be determined by dividing the annual rent under the Lease, by the fair market value capitalization rate as determined by a real estate professional. Future capitalization rates are unpredictable and will have a significant impact on the formula fair market value of the Project. If the capitalization rate rises, the deemed Project value will decline.

If the Property is sold to a third party, the value of the Property will depend on a number of factors, many of which are beyond the control of the Company. These factors include but are not limited to the value of the underlying land, the condition of the real property and structure, the terms of the Lease, market conditions, tenant vacancies and subleases, the tax treatment applicable to sale of the Property, popularity of the area around the Property, and general economic conditions at the time of the sale of the Property.

Funding Development with Borrowed Funds Involves Foreclosure Risks.

The Company anticipates using a construction loan to help finance the Project and using the Property as security for the loan. If the Project proceeds as anticipated, the construction loan will be converted to a permanent loan when development is completed. The conversion from construction to permanent financing is not guaranteed: the Company will need to satisfy several prerequisites before the lender will agree to permanent financing, and failure to satisfy those

prerequisites could result in foreclosure or the need to obtain alternate financing, which may not be available or may be expensive. Although required Lease payments exceed the amount needed for repayment of the permanent loan, if Brewpubs defaults under the Lease, the funds generated from the Property may not be sufficient to pay loan installments. In addition, the permanent loan will require repayment or refinancing in ten years. If the loan cannot be refinanced or paid when due, the lender may foreclose on the Property. A foreclosure of a loan could result in the loss by the Company and its Members of the capital used to acquire and develop the Property and could also result in substantial adverse tax consequences.

No Commitment for Debt Financing Has Been Obtained.

The Company has executed a term sheet from its bank describing the proposed terms on which the parties expect that construction and permanent debt financing will be made available for the Project. However, the bank will not issue a commitment to provide financing until commitments to raise the equity funding currently being sought by the Company are obtained, along with internal credit approval, documentation, and other terms and conditions as determined solely by the lender. There can be no assurance that a commitment for financing will be obtained or that if obtained, the terms of the financing will be those stated in the term sheet.

The Project Is Subject to Real Estate Investment Risks.

The Company may not be successful in achieving its objectives if significant changes in the economic or regulatory environment affect the development, rental, or management of the Property. The Company's investment in the Project will be subject to risks related to local, national, and global economic conditions, changes in the investment climate for real estate, changes in local market conditions, changes in governmental rules and fiscal policies, changes in federal, state, or local income tax laws or interpretation of those laws relating to the ownership or leasing of real estate, increases in real estate taxes beyond the amounts currently paid for the Property, changes in environmental or land use laws and regulations or the interpretation of those laws and regulations, and other factors beyond the control of the Manager and the Company. Changes in economic and regulatory factors may cause the value of the Property to decline, cause Brewpubs to default under the Lease, or otherwise render the Project or Property unattractive. There is no guarantee that the Company will be able to generate rental income at levels as set forth in the Company's financial projections.

In particular, this Project will require a large amount of capital before it can open to the public and generate revenue, and unanticipated changes could make the Project more expensive or prevent completion.

There are Liens, Encroachments, and Other Notable Items Affecting the Property's Title.

According to the Commitment for Title Insurance dated October 29, 2015 (the "Title Report"), there are several special exceptions to the Company's Title (in addition to the general exceptions), including the following:

1. The Property crosses several property lines by up to 1.5 feet into various rights of way. Although the plat recorded under the title documents does not call out any building encroachments, which suggests they have been resolved, the Company could be required

to remove the encroachments, which would entail significant cost. While a temporary permit for the encroachments provides for these encroachments to exist, it is impossible to determine without a current survey whether these encroachments are resolved. Also, the permit is temporary, may be terminated and is subject to a renewal and annual use fee that may be adjusted by the City of Tacoma. Additionally, the City of Tacoma granted a vacation of the rights-of-way into which the Property's encroachments extend, however, a current survey would also be needed to determine whether all encroachments were furthermore eliminated by this vacation, and whether this vacation supersedes the temporary permit discussed above.

2. The City of Tacoma retained a utility easement for the 7th Street portion of the right-of-way vacation discussed above. It is possible that improvements on the Property encroach onto this easement area, but a current survey would be needed to be certain.
3. Under the terms of a Quit Claim Deed recorded on July 19, 2012, for portions of the Property and the adjacent property, the City of Tacoma retained a repurchase option for certain parts of the Property on which no structure is situated. The option can be exercised if the adjacent property is not developed by July 19, 2017, or is sold before that date. Because the option would permit the Company to retain a reasonable setback around the structures, the Company does not believe the option will interfere with the Project. However, exercise of the option could have unexpected effects on the Project and its success.

Certain deeds of trust are also shown as exceptions to the title report. It is anticipated that these deeds of trust will be eliminated as encumbrances with the closing of the construction loan.

The Operating Agreement Does Not Provide for Mandatory Capital Calls.

Members of Elks Temple Properties LLC are not required to invest funds beyond the original commitment for A Units. If the Manager determines that additional capital is required, the Manager will give all Members notice of the terms proposed for the additional investment, and provide at least 30 days for Members to elect to invest additional funds pro rata on the proposed terms. Terms proposed for the additional investment may include issuance of previously undesignated Units with a preferential return different from and prior to that of A Units. Issuance of additional Units pursuant to a capital call will dilute the interest of A Unit holders who elect not to participate in the capital call, and will likely reduce the rate of return realized by A Unit Holders. Additionally, if the Company exceeds its budget and does not have sufficient working capital, the fact that A Unit holders are not required to invest additional capital may result in the Company not being able to acquire the funds necessary to complete the Project.

The Company Has No Operating History.

As set forth in "The Project" section below, McMenamins has significant experience developing similar projects. Elks Temple Properties LLC itself, however, is an early-stage company and has no operating history and little working capital at this time. The Company was formed for the purpose of acquiring, developing, and leasing the Property. The financial projections attached to this Circular are speculative and actual results are subject to significant risks, including those

described in this Circular. Any projections and budgets, including anticipated capital needs, development costs, projected revenues and margins, anticipated Lease income and other forward-looking financial and other information, may be incorrect despite seeming reasonable to management when made or formulated. In addition, the fact that the Company has no operating history makes it difficult for investors to evaluate the Project. Notwithstanding McMenamins' track record of successfully completing similar projects, the Company's potential for future profitability must be considered in light of the risks, uncertainties, expenses, and difficulties frequently encountered by companies in their early stages of development.

An Earlier Attempt to Fund the Project Was Unsuccessful and Involved a Potential Investor Who Was Later Convicted of Fraud.

In 2011, Elks Temple Properties LLC sought an investment to fund the Project. One potential investor, Stephen B. Gordon, offered to invest \$10,000,000 in the Project through his LLC, 2 G's LLC, in exchange for a membership interest in the Company. Although 2 G's LLC was listed as a member in the Company's original LLC agreement, the relevant funding agreement states that Mr. Gordon and his entities would receive a membership interest only upon timely funding. No funds were ever received. As a result, the sole member of the Company is currently DAP.

According to the FBI, Mr. Gordon pleaded guilty to fraud in April 2015, admitting that he defrauded approximately thirty victims of more than \$4 million through a variety of interrelated schemes. In July 2015, he was sentenced to 50 months in prison. There is a risk that 2 G's LLC or Mr. Gordon could claim to hold an ownership interest in the Company, but the Company is not aware of any facts to suggest the claim would be meritorious. The assertion of even a frivolous claim, however, would cause the Company to incur costs and legal fees in defense.

The Company Depends on the Prior Track Record and Experience of Mike McMenam and Brian McMenam.

DAP was organized in 2011 and has limited experience in acquiring, developing, and leasing real estate. But other individuals and entities associated with the Project, particularly McMenam, Brian McMenam, and Mike McMenam do have experience in acquiring and developing similar projects. While McMenam is operated and supported by an extensive and talented staff—including numerous long-term employees and second generation family members—the Company will nevertheless rely heavily on the vision and experience of Mike McMenam and Brian McMenam to successfully complete the Project. The Company does not anticipate carrying any "key-man" life insurance on Mike McMenam or Brian McMenam, and if either of them were to die or become permanently disabled, the event could have a detrimental effect on the operation of the Company and the Project. The Company also does not have an employment agreement with Mike McMenam or Brian McMenam and if either or both of them resign and discontinue their association with the Company, the departure could materially adversely affect the Company and the Project.

An Investment in the Company Entails Operational Risks.

The Company will enter into the Lease with Brewpubs, and Brewpubs will then be responsible for, among other things, brewing and restaurant operations on the Property. The success of the

Company is dependent on the success of the operation of the Property by Brewpubs. As a prerequisite to beginning operations, Brewpubs must obtain licensing for brewing and restaurant operations on the Property. Failure to obtain such licenses would have a detrimental effect on the Company's operations, and ultimately, the Project. After operations begin, successful operation of the Property depends on a number of factors and risks, many of which are outside the control of the Company and Brewpubs.

Investors Will Have No Control Over the Management of the Company.

Except for the limited voting rights set forth in the Operating Agreement, investors will have no control over the management of the Company and must rely on the Manager's ability and decisions in managing the Company. The Manager will have sole authority to make decisions on behalf of the Company in the development and operation of the Project and the leasing of the Property. The Manager may take actions with which investors disagree. Investors will not have the right to object to most management decisions and may remove the Manager only under certain circumstances as set forth in the Operating Agreement.

The Manager of the Company May Withdraw.

The Manager of the Company, currently DAP, may withdraw as the Manager of the Company. Mike McMenamain is currently the manager of DAP, and Mike McMenamain will use his affiliation with, and resources of, McMenamains and Brewpubs to help manage day-to-day decisions on behalf of the Company through development service and other cost-sharing agreements. Additional information is set forth below under the heading "Management Team." If the Manager withdraws, the Company could be forced to locate a replacement manager, perhaps drawing on the experience of Brian McMenamain or other long-time employees or second generation McMenamains family members, but locating a suitable and willing replacement manager could be difficult. The withdrawal of the Manager and transition to a different Manager could therefore have a detrimental effect on the Company's operations.

The Company Has Agreed to Indemnify the Manager and to Limit the Manager's Liability.

Under the Company's Operating Agreement, the Manager will not have any liability to the Company or to any Member for any loss suffered by the Company or any Member which arises out of any action or inaction of the Manager if the Manager in good faith, determined that such course of conduct was in the best interest of the Company and such course of conduct did not constitute gross negligence or willful misconduct of the Manager. Additionally, the Manager will be indemnified by the Company against any losses, judgments, liabilities, expenses, and amounts paid in settlement of any claims sustained against the Company or against the Manager in connection with the Company, provided that they were not the result of gross negligence or willful misconduct on the part of the Manager.

The Company's Structure Leads to Conflicts of Interest Risks.

Elks Temple Properties LLC does not anticipate hiring any employees and will be dependent on the Manager to develop, operate, and manage the Project. Conflicts of interest may arise between the Company, the Manager, Brewpubs, and McMenamains. The Company, the Manager, Brewpubs, and McMenamains will utilize some of the same key individuals, and draw on their

experience in developing similar properties. The time devoted by these individuals to the Manager, Brewpubs, and McMenamins may conflict with the time required to operate the Company. The Operating Agreement does not require the Manager to devote a minimum amount of time to provide services to the Company. The Manager may also engage in other real-estate-related projects and ventures and could devote a significant amount of time to these other endeavors.

The Manager will receive a fee for the management of the Company equal to 0.5% of aggregate capital commitments by investors other than DAP, as well as reserves the right to receive a one-time development fee equal to 1.0% of development costs as described under "The Project" - "Compensation, Fees, and Reimbursements to the Manager" and as further set forth in the Operating Agreement, even if the Company is not profitable. Although the Manager has a fiduciary duty to the Members of the Company, the management fee may create conflicts of interest in how the Manager deals with the Members. Furthermore, the Manager will also be a Member of the Company, and may own both A Units and B Units. The Manager's dual role as both a manager and a member of the Company could create a conflict of interest. Also, Mike McMenamin is a member of the Manager and also owns a substantial equity interest in Brewpubs and McMenamins. The Company is dependent on the Manager, Brewpubs, and McMenamins, and the interconnected relationships of the parties could create conflicts of interest in relation to decisions the Manager makes for the Company.

There Is No Guarantee That Investors Will Receive an 8% Return, and Investors Could Suffer a Loss.

A Unit holders are entitled to an 8% preferred return before distributions are made to B Units. The preferred position of A Units does not guarantee that holders will receive an 8% return or any other level of return. The Operating Agreement only requires that returns be paid first to A Units, to the extent available. If the Company is financially unsuccessful, A Unit holders may receive a less than 8% return, may suffer a loss, and could lose their original investment. The investment in A Units should be made only by investors who can afford a complete loss of their investment.

Investors Will Not Have a Right to an Early Return of Their Investment or Other Liquidity.

Investors will not have a right to withdraw from the Company or to receive a return of their investment for any reason, including but not limited to the manner in which the Project is managed by the Manager, a particular investor's financial situation, or the financial condition of the Company. The Company advises all potential investors that there are significant risks associated with this investment and that investors could lose all or a significant portion of their investment. Investors may not receive any distributions or payments until the Company is dissolved and liquidated, and investors have no right to demand a return of their capital invested at any time.

Members May Have to Return Distributions.

Under certain circumstances, a Member may be required to repay amounts wrongfully distributed to the Member to discharge certain liabilities of the Company if the Member was aware at the time the distribution was made that the distribution was wrongful.

No Public Market Exists for A Units and Transfer Is Restricted.

There is no public market for A Units, and none is expected to develop in the foreseeable future. In addition, the Operating Agreement imposes restrictions on the transferability of A Units. Federal and state securities laws also place additional restrictions on the transferability of A Units. Therefore, Members of the Company may not be able to sell their A Units even if a need for personal funds arises. Even if a transfer is permitted under the Operating Agreement and under applicable securities laws, the price received for the sale of A Units may be less than the price paid for the A Units pursuant to this offering. Furthermore, there are likely to be adverse federal income tax consequences in connection with the assignment of A Units, and Members are advised to consult with their tax advisers prior to any assignment.

Each investor must represent and warrant that its purchase of Units is for investment purposes only and not with a view toward the resale or distribution thereof.

A Units Are Not Being Registered.

The Company intends to offer and sell A Units without registration under any securities laws in reliance on exemptions from registration under federal or state securities laws. While the Company believes reliance on such exemptions is justified, there can be no assurance that such exemptions will be available if applicable laws, regulations, or interpretations are changed. Failing to qualify for an exemption from registration or a violation of the securities laws could result in the rescission of sales of A Units, which could have a material adverse effect on the Company's performance and the Project. Furthermore, even a baseless claim that offers and sales of A Units were not made in compliance with applicable securities laws could have a material adverse effect on the Manager's ability to manage the Company and on financial results.

Accredited Investor Status Is Critical.

Under the federal securities law exemption from registration that the Company intends to rely on in connection with the offer and sale of the A Units, ALL investors must be accredited investors. If any one investor is not accredited, the Company will not be able to rely on this exemption, which could have a material adverse effect on the Company's performance and the Project.

Pending Securities and Exchange Commission Rules Could Impact the Offering.

On July 10, 2013, the Securities and Exchange Commission proposed amendments to Regulation D and Form D that could cause the Company to incur additional costs relating to this offering, impact the Company's ability to offer A Units under this Circular, and materially adversely affect Company's ability to raise capital. The rules are currently pending. Whether the rules will be made final, when this may occur, and the form of the final rules is not known.

The Company Operates in an Uncertain Regulatory Environment.

Government regulation is subject to change in many areas affecting the Project. The rules and regulations applicable to the Project may change at any time, and new rules and regulations may be adopted by governmental authorities that would restrict or impede the Company's Project or the Property or result in unexpected compliance costs. Furthermore, the Company, the Manager, Brewpubs, and McMenamins may be subject to local registration, licensing, or other laws and any inability or failure to comply with such laws could have a material adverse effect on the Company and results of operation.

Assumptions Used for the Financial Projections Could Be Incorrect.

The financial projections present the Manager's estimate of the expected operating results of the Company for the periods covered thereby. The projections are based on the Manager's assumptions reflecting conditions it expects to exist and the course of action it expects to take during the projections period. The financial projections are based on assumptions as to future events and conditions that the Manager believes to be reasonable but that are inherently uncertain and unpredictable. The assumptions used by the Manager may prove to be incomplete or incorrect, and unanticipated events and circumstances may occur. Because of these uncertainties and other risks outlined in this Circular, the actual results of the Company can be expected to differ from those projected, and the differences may be material and adverse to the Company and its members. Potential investors should consider the financial projections in light of the underlying assumptions to reach their own conclusions about the reasonableness of the assumptions and to evaluate the projections on the basis of that analysis. Neither the Manager, nor the Company, nor McMenamins, nor the Company's attorneys or accountants make any representation or warranty as to the accuracy or completeness of the projections or the underlying assumptions. See "Financial Projections" beginning on page 46.

An Investment Involves Federal Income Tax Risks and Consequences.

The Company's operations could affect the allocations of gain and losses, and the Company's Members will be entitled to deduct their share of any tax losses and must report their share of any income or gain on the Members' individual tax returns. Tax deductions could be challenged by governmental authorities based on the allocation of "basis" to the Property or for other reasons, and Members could be subject to increased tax. The allocation by the Manager of the purchase price of the Property among buildings, personal property, and the underlying land will affect the amount of deductions that Members will receive because some of these items are depreciable and some are not. The Company's counsel has not rendered an opinion on whether the allocation of the purchase price, the rate of depreciation, or the timing of the deductions is proper. If the tax authorities successfully challenge these allocations, Members could lose all or a portion of the deductions and be subject to increased taxable income and possibly penalties.

The Company's Members will be required to pay federal income taxes on their distributive shares of the Company's income regardless of whether the Company distributes any cash. Thus, the amount of income and gain allocated to a Member in any year may exceed the cash distributions made, if any, to the Member in that year. Accordingly, before making an investment in the Company, a potential Member should consider that the tax payable with

respect to allocations of the Company's income could exceed the cash available for distribution in that year, if any. In certain circumstances, the Operating Agreement and treasury regulations governing the Company's allocations of income and gains may require a special allocation of the Company's income to a particular Member or Members. Special allocations, however, should not generally affect the total amount of income that would be recognized by a Member over the life of the Member's investment. In addition, upon the sale or other taxable disposition of A Units or all or part of the Company's assets, a Member will be required to recognize gain that may substantially exceed the cash proceeds, if any, that the Member receives.

Members of the Company must pay the greater of their regular income tax or an alternative minimum tax. The impact of the alternative minimum tax for a particular Member depends on the Member's particular overall tax situation. It is possible that an investment in the Company could trigger or increase a Member's liability for the alternative minimum tax. Each prospective investor should consult with his or her own tax adviser concerning the applicability of the alternative minimum tax before making an investment in the Company.

There are substantial restrictions in the Internal Revenue Code (the "Code") as to the ability of an investor to currently deduct his or her share of losses, deductions, and credits. These limitations include the passive activity loss rules and at-risk limitations.

There is a possibility that the Internal Revenue Service (the "IRS") will examine the tax returns of the Company and seek to adjust the tax positions initially reported. Such an examination could result in an audit of the Members' personal tax returns and adjustments to items not related to an investment in the Company. Members will be liable for any tax deficiency resulting from an audit of the Company's tax returns or their individual returns, including interest as well as possible penalties imposed by the IRS.

In addition to federal income tax, Members are also subject to state and local taxes resulting from distributions made by the Company (even if no cash is distributed to a Member) based on where a particular Member resides or is located. Because state and local income tax laws and regulations vary from federal income tax laws, each potential investor should consult with his or her own tax advisers with respect to federal, state, and local income tax impacts, rules, and regulations.

The Company has made no attempt in this Circular to describe the potential federal, state, and local income tax consequences of an investment in the Company by a corporation or other entity or to detail other laws of any jurisdiction other than the federal income tax laws of the United States that have been described above.

The Company advises a potential investor to consult with his or her own professional advisers regarding all aspects of a potential investment in the Company as well as possible tax consequences resulting from an investment in the Company.

THE RISK FACTORS DESCRIBED ABOVE ARE NOT INTENDED TO BE AN EXHAUSTIVE LIST OF POSSIBLE RISKS ASSOCIATED WITH AN INVESTMENT IN THE COMPANY. THE COMPANY ADVISES ALL POTENTIAL INVESTORS TO CONDUCT THEIR OWN DUE DILIGENCE OF THE COMPANY AND TO SEEK THE

ADVICE OF THEIR PROFESSIONAL ADVISERS IN EVALUATING THE POTENTIAL RISKS AND CONSEQUENCES OF MAKING AN INVESTMENT IN THE COMPANY.

THE PROJECT

The Company.

The Company, Elks Temple Properties LLC, is a Washington limited liability company formed in July 2009. Currently, the sole member of the Company is Dance on Air Properties LLC ("DAP"). DAP also serves as the Manager of the Company and is controlled by Mike McMenamin.

The Property.

The Company intends to develop and lease the Property. The Property is a site containing a former Elks Temple building and an adjacent annex. The Company was formed in 2009, purchased the Elks Temple building that same year, and later completed the acquisition of the adjacent annex. The Property is on Broadway in the Old City Hall Historic District in the downtown area of Tacoma, Washington and consists of one building structure containing approximately 45,000 square feet of space.

The historic Beaux-Arts style building, originally constructed during 1915 and 1916, is being reimaged as an eclectic, multi-faceted community gathering space with restaurants, small bars, on-site brewery and small and large meeting spaces all featuring signature artwork showcasing local history. Immediately adjacent to the building is a city-owned stairway called the "Spanish Steps," which winds up the hillside between Broadway and Commerce Streets. These elaborate steps, with views of Puget Sound, were modeled after the Scalinata di Spagna in Rome, constructed concurrently with the Elks Temple building, and completely rehabilitated in 2011 by the City of Tacoma at a cost of over \$1 million. As part of the Project, Brewpubs will procure a permit to provide outdoor café and patio seating within the Spanish Steps, which also afford a southern access point to the Property.

The Elks Temple Lodge is within the Old City Hall Historic District, which is listed in the National Register of Historic Places by the Department of Archaeology and Historic Preservation, and it contributes to that district's historical designation. The redevelopment is Part 2-approved by the National Park Service for Historic Tax Credits.

Redevelopment and Renovation.

The Property will be renovated and converted into a McMenamins facility featuring approximately 46 hotel rooms; historic art; space for live music, events, weddings and meetings; a ballroom that will feature a tiny indoor city with lodging rooms and gardens; three restaurants; small bars; a McMenamins brewery; and on-site gardens that will provide the restaurants with fresh, seasonal ingredients. The Project will also include an outdoor café and patio within the Spanish Steps.

Development costs will be funded with the proceeds of this offering and an anticipated \$18 million construction loan, which is expected to be converted to permanent financing upon completion of construction. The Company may attempt to monetize available tax credits to secure additional equity for the Project.

With a prominent location in the Old City Hall Historic District of downtown Tacoma and steps away from the expansion of the Tacoma LINK light rail, visitors and residents alike should be drawn to the property's collection of bars, live music, relaxing amenities, history, art, food, and handcrafted beverages.

Situated along Puget Sound, 20 minutes away from the Seattle-Tacoma International Airport, Tacoma is home to six world-class museums and an influx of more than \$450 million in recent and planned development in the downtown area. The lively University of Washington – Tacoma campus, waterfront, Pacific Avenue streetscape improvements, museums, parks, retail, cultural sites and events are just a few of the attractions downtown Tacoma has to offer. The Property is one of several recent planned revitalization efforts occurring in Tacoma's downtown core. For example, recent planned revitalization efforts include:

- More than \$25 million in planned and anticipated renovations to historic buildings including the Winthrop Apartments and Old City Hall;
- A \$15 million expansion of the Tacoma Art Museum;
- The recently completed \$20 million, 65,000 square foot YMCA building at the University of Washington campus in Tacoma;
- More than \$50 million in new residential developments, adding more than 300 additional units downtown, including the Henry Apartments and the planned Grand on Broadway; and
- Planned future improvements such as an at least \$85 million, 300-room convention center hotel, a \$166 million expansion of the LINK light rail line with a proposed stop adjacent to the Elks Lodge building, and the relocation of the Amtrak station to Freighthouse Square.

The revitalization of downtown has been an ongoing effort by public and private entities. New housing has sprung up in response to these investments, such as the growth of the University of Washington – Tacoma, numerous world-class museums, the Greater Tacoma Convention and Trade Center, and significant investments in the local transportation and infrastructure. Tacoma continues to serve as a strong location for business in the South Puget Sound region and it is anticipated that successful revitalization would improve the likelihood of success for the Project.

Parking.

In part because of the historic nature of the Property, and consistent with the character of the Old City Hall Historic District, the Project will not include on-site parking for guests. Instead, the Company plans to provide guest parking as McMenamins has successfully done with similar projects, namely, using a combination of nearby parking garages and street parking. The Company also anticipates the need for parking will be lessened by the expansion of the LINK light rail line with a proposed stop adjacent to the Elks Lodge building, and the relocation of the Amtrak station to Freighthouse Square.

Financing of Development Costs.

Development costs will be funded with the proceeds of this offering and an anticipated \$18 million construction loan, which the Company expects to be converted to permanent

financing upon completion of the Project. The Company has executed a term sheet for the construction loan and permanent financing from HomeStreet Bank. Based on this term sheet, the Company expects that the key provisions of the financing facility will be approximately as listed below. The Company will enter into a binding agreement for financing contemporaneously with the initial funding of this offering.

Key provisions of the construction loan term sheet are listed below.

- Borrower: Elks Temple Properties LLC
- Loan: Commitment amount of \$18 million for construction/rehabilitation of an existing historic structure located at 565 Broadway in Tacoma, WA 98402.
- Loan to Cost (LTC) is not to exceed the lesser of:
- 67.5% based on a bank reviewed construction contract including applicable third party and soft costs; or
 - 85% of "As-Completed" value as determined by an appraisal in form and substance satisfactory to Lender. Land at cost for equity calculation of this sizing test.
- Injection of all Borrower equity is required prior to disbursement of loan proceeds.
- Interest Rate: 30 day LIBOR index plus 325 basis points.
- Interest rate floor to be set at initial interest rate.
- Repayment: Interest is payable monthly on the 1st day of each month. Interest payments shall be automatically deducted from a HomeStreet Bank Account.
- Term: 36-month construction period.
- Prepayment Penalty: No prepayment penalty during construction phase.
- Maturity: 36 months from funding date.
- Fees: .75% loan origination fee plus all closing costs. 1.00% exit fee due at payoff if HomeStreet Bank is not selected as the permanent loan lender.
- Collateral: First Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing on the Property located at 565 Broadway Tacoma, WA 98402 and other personal property as described in the UCC Financing Statement.

McMenamins.

The success of the Company will depend upon utilizing McMenamins' experience and past success in developing the Property and Brewpubs' ability to successfully operate the Project. The McMenamins organization has a replicable business model and has been in business for over 30 years. McMenamins is able to reduce risks in new operations by leveraging the experience and processes from its other operating locations. The operations focus on having a positive social impact via sustainability and vertical integration. Numerous products are produced from scratch including beer, wine, distilled spirits, coffee, and baked goods. Where possible, McMenamins incorporates herbs, vegetables, grapes and flowers from its own gardens. In addition to being a draw to patrons, this integration allows the business to be less reliant on suppliers and have more control over margins.

With an eclectic mix of pubs, lodging, movie theaters, spas and event spaces throughout Washington and Oregon, McMenamins is an iconic Pacific Northwest hospitality provider. Since its founding in 1983 by brothers Mike and Brian McMenamin, McMenamins, famous for resurrecting old buildings and transforming them into places people seek out, has grown from one pub in Portland, Oregon to 54 locations. Of particular importance to the Project is the fact that no two of these locations are the same. All provide a casual, relaxed atmosphere where children are always welcome and regulars are common. McMenamins' focus on creative community hubs, spectacular concert venues, love for art and history, vintage fixtures, vegetable/herb/flower gardens, and historic buildings draws loyal fans and admirers. Independently-owned, McMenamins continues to earn recognition for its reimagining of historic properties and artistic restorations that spotlight local heritage, welcome and benefit the community, and bolster tourism.

McMenamins Snapshot:

- 32 years in operation;
- 54 locations in Oregon and Washington, including 10 historic hotels, 3 full-service spas, 6 soaking pools, and 8 theater-pubs;
- Focus on vertical integration with 25 breweries, 2 distilleries, a winery, coffee roaster, bakeries, and produce and flower gardens;
- Approximately 6% annual growth since 2010;
- 18 locations on the National Register of Historic Places; and
- Dedication to using salvaged materials in construction; repurposing demolition debris; recycling byproducts like oil, cardboard and plastics; and composting food waste whenever possible.

McMenamins is possibly best known for two flagship projects. Both are well known Oregon attractions and vital community hubs. First there was the county poor farm in Troutdale, Oregon, just 20 minutes from downtown Portland. Converted into a destination resort known as Edgefield, the 74-acre property now includes distinctive lodging, bars, restaurants, spa, soaking pool, premier outdoor concert space, meeting and event space, brewery, winery, distillery, golf and gardens.

McMenamins is also noted for the renovation of McMenamins' Kennedy School in 1997, which is now a neighborhood gathering place where guests sleep in former classrooms and enjoy food and beverage throughout the property. Once an abandoned, condemned elementary school in a working class Portland neighborhood, the Kennedy School has been a busy community gathering place for 17 years. The Kennedy School neighbors use the meeting space, soaking pool and community garden at no cost. Popularity of the Kennedy School ultimately fostered additional real estate development, attracting a popular natural foods grocery store, creating demand for infill housing and fueling growth of the Concordia and nearby Alberta retail districts. The Kennedy School is seen as a magnet drawing tourists from all over the world fascinated by the notion of willfully spending time in "detention" and falling asleep in class. Demand for Kennedy School overnight lodging was so high that a two-story wing with 22 rooms was added in 2012 to boost capacity.

McMenamins recently celebrated the opening of its Anderson School renewal in Bothell, Washington. The historic school built in 1931 as Bothell Junior High School has been renovated as a mixed-use gathering place and iconic Pacific Northwest travel destination, filling a neighborhood need for a welcoming community center. Local history comes to life through original site-specific artwork in hallways and hotel rooms, friends can meet for a movie and a beer made onsite, community green space reconnects the property with Horse Creek, and City of Bothell residents are welcome to use the soaking/swimming pool and dedicated community room at no cost. McMenamins Anderson School includes:

- The statuesque 1930s art deco school building reborn as a 72-room hotel;
- Restaurants, small bars, on-site brewery, free live music;
- A first-run movie theater;
- Meeting and event space for small and large groups;
- Reimagined indoor/outdoor pool available to the community at no charge; and
- Gardens and outdoor gathering spaces.

McMenamins developments have a positive social impact by filling community needs through free use of community rooms and soaking/swimming pools, unique dining, live music, and art that spotlights local heritage. In the case of the Elks Temple Property, the Project will act as a community history hub. A long history of reimagining interesting spaces has taught the McMenamin brothers that the best results are achieved through the combined cultural experiences of travel, food, drink, music, original site-specific art and public spaces.

The Lease.

Brewpubs and the Company are parties to a lease of the property dated October 30, 2009 as amended on April 23, 2013, January 1, 2014 and January 13, 2015 (the "Existing Lease"). Pursuant to the Existing Lease, Brewpubs is currently paying all property taxes, utilities, and property insurance for the Property.

The Company and Brewpubs will replace the Existing Lease with a new lease (the "Lease") to Brewpubs before development of the Property begins. The Lease will replace the Existing Lease

and entitle Brewpubs to operate a lodging, dining, and community facility featuring approximately 46 hotel rooms; historic art; space for live music, events, weddings and meetings; a ballroom that will feature a tiny indoor city with lodging rooms and gardens; three restaurants; small bars; a McMenamins brewery; and on-site gardens that will provide the restaurants with fresh, seasonal ingredients. The Company is required to complete development of the Property before possession of the Property will be delivered to Brewpubs. Brewpubs plans to sublease the Property to a Brewpubs wholly owned and controlled entity for Washington liquor license requirement purposes. The Lease will commence on the date that the Property opens for business, or if earlier, 60 days after possession of the Property is delivered to Brewpubs.

The initial Lease term will be 20 years from the commencement date of the Lease, with two 10-year renewal options. If Brewpubs desires to exercise the option to renew the Lease, Brewpubs must do so at least 365 days before the end of the current term of the Lease.

Annual base rent for the first year of the Lease term will be 7.5% of total Project costs under the Lease and will be paid in 12 substantially equal monthly payments. The total Project costs will equal the Company's costs to acquire the property, onsite improvement and building costs, plus soft and indirect costs for development of the Project. Under the Lease, Brewpubs will be obligated to pay any construction costs to the extent those costs exceed the available proceeds of the construction loan, this offering, and any tax credit equity raised; construction costs paid by Brewpubs will not be included as Project costs for purposes of calculating rent. During the initial 10-year term of the Lease, base rent will increase 2% annually. However, for year 11 of the initial Lease term, base rent will be adjusted to the fair market rental value of the Property, but the adjusted base rent will not be less than the rent in effect for the preceding year. Thereafter, base rent will continue to increase 2% annually for the duration of the initial Lease term. During the first year of any renewal period, the base rent under the Lease will again be adjusted to the fair market rental value of the Property, but the adjusted base rent will not be less than the rent in effect for the preceding year. The fair market rental value of the Property for the first year of any renewal term will be a value mutually agreed upon by the Company and Brewpubs or determined by one or more independent appraisers if the parties cannot agree and will increase annually at a rate agreed to by the Company and Brewpubs. If Brewpubs does not pay rent or other payments to the Company within 10 days after it is due, the Company can charge interest at the rate of 12% per annum (or, if less, the highest rate allowed by law) and charge a late fee equal to 0.5% of the overdue payment.

Brewpubs, at its cost, is required to cause the Property to comply with all applicable laws and its use of the Property must comply with all applicable laws, including laws related to hazardous substances. Brewpubs must complete all repairs and maintenance to the Property required during the term of the Lease. Other than completion of the initial development of the Project, the Company has no obligation to repair, alter, or improve the Property during the Lease term.

In addition to base rent, Brewpubs is required to pay when due all taxes and assessments for the Property from the date the Lease is signed (which will be earlier than the Lease commencement date) through the entire Lease term, and must pay all utility charges incurred during the Lease term.

As noted above, Brewpubs is required under the Lease to bear Project construction costs to the extent those costs exceed the available proceeds of the construction loan, this offering, and any tax credit equity raised. Brewpubs is permitted under the Lease to take depreciation expense for that portion, if any, of construction costs that it funds.

Brewpubs must maintain the property damage insurance policy for the Property and the Company will be named as the loss payee on the policy. Brewpubs must maintain commercial general liability insurance covering claims and liability for personal injury, death, or property damage with a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, liquor liability insurance in an amount of at least \$1,000,000, and an umbrella policy in a commercially reasonable amount selected by Brewpubs. The Company will be listed as an additional insured on Brewpubs' liability insurance policies.

If the Property is damaged or destroyed, the Company is required to repair the damage as soon as reasonably possible and rent will be fully or partially abated during the repair period based on whether Brewpubs can still use a portion of the Property while the repairs are being completed (unless Brewpubs or its employees, contractors, agents, guests, licensees, or invitees caused the damage, in which case rent will not be abated during the repair period). The exceptions to the Company's obligation to repair damage to the Property are as follows: (a) Brewpubs is required to repair, at its expense, any repairs necessitated by any act or omission of Brewpubs or its employees, contractors, agents, guests, licensees, or invitees, (b) the Company can elect to terminate the Lease rather than repair the damage if the Company reasonably estimates that the cost of the restoration will not be fully covered by insurance, (c) the Company can elect to terminate the Lease rather than repair the damage if the Company reasonably estimates that restoration of the Property will take longer than six months, or (d) the Company can elect to terminate the Lease rather than repair the damage if the Company reasonably estimates that the cost of restoration exceeds 50% of the value of the improvements to the Property immediately before the damage or destruction occurred. If the Company elects not to repair the Property, Brewpubs, at its cost but with use of any insurance proceeds, may elect to complete the repairs, in which event the Lease will continue. If the estimated cost to repair the damage exceeds 25% of the value of the improvements to the Property immediately before the damage or destruction occurred and the damage occurs during the last two years of the initial Lease term or the last two years of any renewal term, either party may terminate the Lease. If the Company is required to, or elects to, repair the Property following damage or destruction and does not commence the repair or restoration work within 90 days, Brewpubs may terminate the Lease. If the Lease is terminated by either party following damage or destruction, the Company must refund any prepaid rent to Brewpubs and pay Brewpubs the unamortized cost of any improvements to the Property paid for by Brewpubs, to the extent the Company recovers insurance proceeds related to those improvements. Neither party will have a claim against the other party for loss or damage covered by insurance. The parties will use their best efforts to obtain an agreement from their insurers to waive any right of subrogation against the other party.

If all or a significant portion of the Property is condemned or sold by the Company under threat of condemnation, the Lease will terminate as of the date the condemning authority takes possession of the Property. If following a condemnation the remaining portion of the Property is suitable for the use permitted by the Lease, the Lease will not terminate and the Company must make repairs and alterations to the Property necessary to allow Brewpubs to continue its

operations on the Property, but only to the extent the condemnation proceeds are sufficient to cover the costs of the restoration.

Brewpubs may not assign or otherwise transfer its rights or interest in the Property or the Lease without the Company's consent and the Company may not unreasonably withhold or delay such consent.

Brewpubs will be in default under the Lease if (a) it fails to pay rent or any other amount within 10 days after written notice to Brewpubs that the amount is past due, (b) it transfers its rights or interest in the Property or Lease without the Company's consent, (c) it abandons the Property, (d) it fails to comply with any Lease term within 30 days (plus an additional period if Brewpubs begins curing the breach within 30 days and diligently and in good faith pursues the cure to completion) after receipt of written notice from Company of the failure to comply, or (e) an insolvency event occurs (e.g., dissolution of Brewpubs, Brewpubs files a voluntary bankruptcy case, or a receiver is appointed for any of Brewpubs' property).

Upon default by Brewpubs, the Company (a) may terminate the Lease or retake possession of the Property without terminating the Lease, (b) bring an action for damages (including for unpaid rent, reasonable attorneys' fees, costs of reletting, and the difference between future rent due under the Lease and the reasonable rental value of the Property for the remainder of the Lease term), plus interest at the rate of 12% per annum (or, if less, the maximum interest rate allowed by law), and (c) pursue any other remedy available. Additionally, the Company may perform any obligation that Brewpubs fails to fulfill and charge Brewpubs the cost of such work, plus interest.

At the expiration or termination of the Lease, Brewpubs must surrender the Property in good condition and with all required repairs and maintenance completed. Brewpubs must take its furnishings and furniture out of the Property before the Lease expires or terminates. If Brewpubs does not timely vacate the Property, the Company can eject Brewpubs from the Property and recover the damages caused by the wrongful holdover, or elect to treat Brewpubs as a month-to-month tenant with the base rent increasing by 25% over the base rent most recently owed under the terms of the Lease.

Brewpubs shall, upon request, provide the Company with copies of its most current financial statements (monthly and year-to-date) and financial statements for the most recent fiscal year ended.

Brewpubs' sole recourse against the Company under the Lease will be limited to the Company's interest in the Property. In the event of a suit or action between Brewpubs and the Company under or related to the Lease, the prevailing party will be entitled to attorneys' fees.

If Brewpubs' performance under the Lease is prevented or hindered by "acts of God" or similar reasons outside the control of Brewpubs, Brewpubs' performance will be excused until their performance is no longer hindered or prevented. However, in no event will an event outside the control of Brewpubs excuse them from timely paying rent or other amounts due to the Company under the Lease.

Upon request by Brewpubs, the Company must execute a waiver or subordination of any lien rights the Company may have in Brewpubs' trade fixtures, equipment, and personal property, if Brewpubs desires to encumber those assets in connection with financing or refinancing the assets.

Compensation, Fees, and Reimbursements to the Manager.

The Manager will receive an annual fee equal to 0.5% of aggregate capital commitments by investors, not including DAP's investment, to cover overhead costs of managing and administering the Company. As the developer of the Project, the Manager also reserves the right to receive a one-time fee equal to 1.0% of development costs.

The Company will reimburse the Manager for all out-of-pocket costs and expenses incurred in connection with the preparation of Company documents, this offering and the operation of the Company, including without limitation, insurance costs, and accounting, legal, and other professionals' fees.

The Manager will also be a Member of the Company. The Manager will receive 50 B Units as the project developer and Manager. The Manager will also purchase 20 A Units for \$500,000.

Related Party Transactions.

The Manager will receive a management fee for operation of the Company and reserves the right to receive a development fee for development of the Property, and will also receive a portion of the profits distributed to the Company's Members. The Manager, DAP, will also be a Member of the Company. Proposed compensation figures are set forth above under the heading "Compensation, Fees, and Reimbursements to the Manager." In addition, the Company will lease the Property to Brewpubs, which will operate the Project once the Project is completed. Brewpubs is owned and operated by some of the same individuals who own and operate DAP. See "Potential Conflicts of Interest" section below.

Environmental Matters.

Some environmental contamination is present on and adjacent to the Property. The Company is taking steps to address contamination on the Property. The Property contains environmental contamination consistent with the time period in which it was built, namely asbestos-containing material, lead-based paint, and potentially an old oil tank. Due to the period of vacancy, there is also mold and mildew present on the Property. In addition, there was an underground storage tank ("UST") adjacent to the Property. The Tacoma-Pierce County Health Department ("TPCHD") assigned responsibility for that UST to the Company. In response, the Company decommissioned the UST and received a "No Further Action" letter dated June 26, 2013, from TPCHD.

There are no "recognized environmental conditions" (defined as the presence or likely presence of any hazardous substances or petroleum products under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the subject property or into the ground, groundwater, or surface water of the subject property) at the Property or adjacent properties, but there is a possibility that

contamination could migrate to the Property in the future and cause the Company to incur remediation expense. Potential sources of contamination from adjacent properties include automobile and body shops and gasoline service stations.

Material Contracts.

In connection with the Project, the Company has entered into and will enter into various contracts relating to property acquisition, financing, management, development, environmental compliance, and easements, among other things. Proposed financing terms and terms of the Lease of the Property are summarized above. Terms of other agreements will be determined by the Manager in accordance with the Operating Agreement.

Various agreements and tax incentives require that the Company maintain the historic features of the structure on the Property at its cost. Changes to historical features may negatively impact certain tax incentives.

Employees.

The Company does not anticipate hiring any employees at this time. The Company and development and construction of the Property will be managed by the Manager. The Manager will provide or procure all services needed for these activities.

The Manager is expected to utilize the services of the management team at McMenamins. See the management team biographies set forth below under the heading "Management Team."

Revitalization; Competition.

The Property, together with numerous other restaurants, brewpubs, hotels, and event spaces in and around the Old City Hall Historic District, are expected to work to boost tourism and the economy in that area and Tacoma generally. This boost is anticipated to provide a collective benefit to these businesses and the Project. The businesses will, however, compete with the Project to some extent. Nevertheless, the Company believes that the unique character of the Project, with its ties to the historic Elks Temple Lodge, will provide it with a sufficient competitive advantage to permit it to succeed.

The City of Tacoma recently awarded McMenamins the exclusive right to negotiate a lease agreement for a redevelopment project involving Tacoma's historic Old City Hall, which is across the street from the Property.

If McMenamins' lease terms are accepted, it will move forward with converting Old City Hall into a McMenamins complex featuring a complementary design of approximately 70 hotel rooms, event space, soaking pools, small bars, and a rooftop restaurant. McMenamins and the Company believe that the addition of the Old City Hall hotel rooms and other amenities will continue to revitalize the Old City Hall Historic District, bridging residential and downtown neighborhoods and attracting additional guests, events, and activity, thereby improving the performance of both projects and return to the Company's investors. The Company and McMenamins will work to ensure the Project and the Old City Hall project are balancing and complementary.

CAPITAL STRUCTURE AND RETURN TO INVESTORS

Capital Structure.

The Company has 700 authorized units of membership interest comprising 500 A Units, 50 B Units, and 150 undesignated Units.

The Company plans to sell \$10,000,000, or 400, of its A Units to investors and to DAP. The Company will not accept payment from investors until the Company receives \$7,500,000 in subscriptions from outside investors.

DAP, controlled by Mike McMenamin, will invest \$500,000 to purchase 20 A Units. Other members of the McMenamin family may also purchase A Units on the same terms offered to investors, and thereby become members of the Company.

Summary of Allocation of Income Generated.

The table below summarizes the income-producing events related to the Company and how the income will be allocated among the Company, the Manager, and Brewpubs.

Income Producing Events	Company Income	DAP Income	Brewpubs Income
Potential one-time developer fee equal to 1% of development costs		100%	
Annual management fee equal to 0.5% of aggregate capital commitments by investors		100%	
Lease to Brewpubs	100%		
Revenue from operating the Project			100%
Profit on sale of Property (if sale occurred)	100%		

Preferred Return.

A Units will receive an 8% per annum, noncompounded, preferred return on invested capital before any distributions are made to B Units. Thereafter, B Units will receive a portion of distributions, referred to as a "Promote" or "Carried Interest," as shown below:

Return to A Units	% of Distributions To A Units	% of Distributions To B Units
Up to 8%	100%	0%
Over 8%	33%	67%

Based on the Company's projections, A Unit holders are expected to receive a total return over the assumed life of their investment in the Company equivalent to an internal rate of return between 9.6% and 10.4%. Each Investor's internal rate of return will depend to a significant extent on the capitalization rate at the time the investor exits the investment.

Tax Credits.

The Property qualifies for the Federal Historic Rehabilitation Tax Credit under Section 47 of the Code based on the fact that it is a certified historic structure and the Company's satisfaction of certain renovation standards as enforced by the United States Department of the Interior. If certain conditions are met, the cost of rehabilitating the Property entitles the Company to a tax credit equal to 20% of applicable rehabilitation expenses. The Company can, and expects to, elect to allow Brewpubs to receive and utilize the tax credit, in return for additional investment in the Project. Any tax credits not utilized by Brewpubs or monetized as described below may be allocated to investors purchasing A Units.

The Company may attempt to monetize the tax credits to secure approximately \$5,000,000 in tax credit equity for the Project. However, obtaining this tax credit equity is not guaranteed, the structure for obtaining it is not settled, and an investor must be found who is willing to provide the tax credit equity. Identifying and securing such an investor may be costly and is uncertain.

An outside investor providing tax credit equity may receive a new class of units in the Company, the terms of which are to be determined.

USE OF PROCEEDS

Proceeds of the offering will be used to: (i) repay the purchase price and expenses incurred by the Company to acquire the Property, approximately \$1.24 million; (ii) pay management and development costs and fees; (iii) cover offering expenses; and (iv) provide working capital for development.

Project costs will be approximately \$28,000,000. These costs include: (i) the purchase costs of the property, \$1.24 million; (ii) projected development costs, \$26.37 million; (iii) the management fee and potential development fee, \$0.27 million; and (iv) offering expenses, \$0.12 million.

Equity and debt capital will cover the projected project costs of \$28,000,000. Outside investors in this offering will contribute an aggregate equity investment of \$9,500,000, and DAP has agreed to purchase 20 A Units for \$500,000. The \$18,000,000 construction loan will provide capital to cover the difference between the equity investments and Project costs.

Under the Lease, Brewpubs will be obligated to pay any construction costs to the extent those costs exceed the available proceeds of the construction loan, this offering, and any tax credit equity raised. However, if development costs exceed budgeted costs, the Company may increase the amount of the construction loan if permitted by the lender, or could seek to raise additional equity capital or incur other debt.

MANAGEMENT TEAM

Management Team

Mike McMenamain is a member and the manager of DAP, which serves as the Manager of the Company. DAP is responsible for providing all management personnel for the Project.

The management team for the Project includes: Mike McMenamain, Brian McMenamain, Chris Longinetti, DJ Simcoe, Rich Smith, Dan McMenamain, Shannon McMenamain, and Sean McMenamain.

Mike McMenamain: Mike has over 30 years of experience developing similar projects. He is a co-founder of McMenamains and is currently serving as its President and Chief Executive Officer. Mike has overseen McMenamains' development for its entire history. Under Mike's leadership, McMenamains has opened 54 locations. Mike is a native Oregonian and is a graduate of Oregon State University. A long history of reimagining interesting spaces has taught Mike that the best results are achieved through the combined cultural experiences of travel, food, drink, music, original site specific art and public spaces.

Brian McMenamain: Brian has over 20 years of experience working in property development and developing similar projects. He is currently McMenamains Vice President and Secretary. He is inspired by projects that create a sense of community, rehabilitate important historic structures and ultimately have a positive impact. Brian is a graduate of Oregon State University.

Chris Longinetti: Chris has over 15 years of experience in commercial real estate. His work has spanned a broad spectrum of the real estate industry, with a strong concentration in real estate finance, asset management, property acquisition and portfolio management. He holds an MBA from the University of California Berkeley and a bachelor's degree in economics from Indiana University.

DJ Simcoe: DJ has been with McMenamains for 26 years having worked his way up from a server into his current position as Chief of Hotel & Pub Operations, which he has held for the past 16 years. For DJ, being a part of McMenamains' food and beverage and hotel management and live music program is a dream come true. DJ's favorite hobby is attending live music concerts. He is a graduate of Concordia University's accelerated degree program in management and communication.

Rich Smith: Rich has been employed with McMenamains for 26 years. He has worked at all levels of the company including as a cook, server, pub manager, and district manager, acquiring an incomparable knowledge of McMenamains' food and beverage operations during his lengthy tenure. He is currently Chief of Pub Operations.

Dan McMenamain: Dan has over 24 years of experience at McMenamains working a number of different jobs in the company, with over 17 years in the food and beverage operations. Dan has cultivated an appreciation for the many ways in which the company can connect with people. He particularly looks forward to continued growth and learning opportunities through which McMenamains can add additional experiences people can enjoy. Dan is a graduate of Oregon State University.

Shannon McMEnamin: Shannon has over 15 years of experience in the hospitality industry and has held various positions within McMEnamins. Shannon is currently the general manager for lodging, spa, and gift shop operations, enjoying the collaboration and creativity of working on new projects such as the Elk's Temple. Being a part of developing spaces that are comfortable, unique, distinctly McMEnamins, and ever-evolving is her passion. Shannon's past projects include: Ruby's Spa at the Grand Lodge, Ruby's Spa at Edgefield, the Crystal Hotel, the Gearhart Hotel, the Kennedy School English Wing expansion and the Anderson School. Shannon is a graduate of the University of Oregon.

Sean McMEnamin: Sean started working in the family business as a teenager taking care of odd jobs, such as, weeding blackberry vines and cleaning kegs at Edgefield. Eventually, he started serving, bartending, and managing restaurants. He has a love for wine; writing the company wine lists and working closely with the Edgefield Winery. Currently, he is a General Manger overseeing several of McMEnamin's Portland properties, including the Kennedy School.

The table below lists the name, age, and position of each member of the Company's management team.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mike McMEnamin	64	President and Chief Executive Officer of McMEnamins, Inc.; Manager of DAP; 40-year career in business and hospitality
Brian McMEnamin	58	Vice President and Secretary of McMEnamins, Inc.; 34-year career in business and hospitality
Chris Longinetti	45	Chief Financial Officer of McMEnamins, Inc.
DJ Simcoe	52	Chief of Hotel and Pub Operations
Rich Smith	48	Chief of Pub Operations
Dan McMEnamin	38	Food and Beverage Director
Shannon McMEnamin	36	General Manager of Lodging, Spa, and Gift Shop Operations
Sean McMEnamin	32	General Manager

SUMMARY OF CERTAIN PROVISIONS OF THE OPERATING AGREEMENT

The Operating Agreement is the governing instrument establishing the Company's right under the laws of the state of Washington to operate as a limited liability company and contains the rules under which the Company will be operated. Each prospective investor should read the Operating Agreement in its entirety. Many of the provisions of the Operating Agreement have been summarized elsewhere in this Circular under various headings. Certain other provisions of the Operating Agreement are summarized below, but for complete information, reference should be made to the Operating Agreement. All capitalized terms not defined herein have the meanings given in the Operating Agreement.

Organization.

The Company was formed in 2009 as a limited liability company under the Washington Limited Liability Company Act (the "Washington LLC Act"). The Manager is Dance on Air Properties LLC, a Washington limited liability company, which is managed by Mike McMenamin.

Purpose and Project.

The purpose and project of the Company is to develop and lease the Property.

Two Classes of Members.

The Company has two classes of Members and each Member will have a membership interest which will represent their interest in the Company. Members who are in good standing and have the rights set forth in the Operating Agreement. Members of the Company will have the right to participate in profits and tax allocations of the Company as summarized in this Circular and as set forth fully in the Operating Agreement.

Further Capital Contributions by the Members.

The Members will not be required to make any further capital contributions to the Company. Nevertheless, the Manager may determine that additional capital contributions are required for the operations of the Company. The Members will have the option, but not the obligation, to contribute additional required capital contributions on a pro rata basis in proportion to their respective A Units in the Company. To the extent that a Member does not make the additional required capital contribution in proportion to the Member's respective A Units in the Company, then the Member's membership interest in the Company will be correspondingly diluted.

Authority of the Manager.

The Manager has the exclusive right and responsibility under the Operating Agreement to conduct all Project development and affairs of the Company, and it is authorized and required to perform all acts that it deems necessary or appropriate to carry on the Project of the Company in accordance with the Operating Agreement and applicable law. Operational decisions are reserved to Brewpubs under the Lease. The Manager must receive consent of the Members only in connection with certain major decisions as set forth in the Operating Agreement.

Fiduciary Responsibilities of the Manager.

The Manager of the Company has fiduciary obligations to the Company and its Members. The Manager is required to exercise good faith and integrity in dealings with respect to the affairs of the Company. The Operating Agreement, however, provides that the Manager does not, in any way, guarantee the return of the Capital Contributions or a profit for the Members from the operations of the Company, and the Manager is not liable to the Company or to any Member for any loss or damage sustained by the Company or any Member (or successor thereto), except to the extent, if any, that the loss or damage is the result of gross negligence, fraud, deceit, or willful misconduct. The Manager has no duty to act exclusively on behalf of the Company. The Manager may have other project interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor the Manager has any right, by virtue of the Operating Agreement, to share or participate in any other investments or activities of the Manager or any Member.

Indemnification of the Manager.

The Operating Agreement provides that the Manager will not be liable to the Company or the Members for liabilities, costs, and expenses incurred as a result of any act or omission of the Manager except to the extent, if any, that the loss or damage is the result of gross negligence, fraud, deceit, or willful misconduct of the Manager. The Operating Agreement also provides that the Manager will be indemnified out of Company assets against any loss, liability, or expense arising out of any act or omission by the Manager except to the extent that the claim for which indemnification is sought results from an act or omission for which the Manager may be held liable to the Company or a Member.

Limited Liability of Members.

Under the Washington LLC Act, neither a member of a limited liability company nor its manager is liable for any debts, obligations, or liabilities of the limited liability company. Also under the Washington LLC Act, creditors of a member of a limited liability company do not have the right to exercise any legal or equitable remedies with respect to the property of a limited liability company. Also, a member, under the Washington LLC Act, is not a party to any proceeding by or against a limited liability company, unless the objective of the proceeding is to enforce a member's rights against or liability to a limited liability company.

If a creditor has a judgment against a member of a limited liability company under the Washington LLC Act, the court may charge the membership interest of a member with the payment of the unsatisfied amount of the judgment with interest thereon. To the extent so charged, the judgment creditor, under the Washington LLC Act, has only the beneficial right as an assignee of the membership interest. The Washington LLC Act does not deprive any member of the benefits of any exemption law (e.g., bankruptcy or insolvency law) applicable to his or her membership interest.

Under the Washington LLC Act and the Operating Agreement, a Member will have liability for failure to make the required capital contribution under the Operating Agreement. A creditor of the limited liability company that extends credit after an operating agreement of a limited liability company is entered into may enforce the obligation of a Member to make such a contribution. In addition, a Member may be liable to the extent of any distribution made to the Member if the Member was aware at the time of the distribution that, after giving effect to the

distribution, the fair value of the remaining assets of the limited liability company was less than its outstanding liabilities (other than liabilities to other Members on account of their interests in the company and liabilities for which the recourse of creditors is limited to specified property of the company). Assignment of a unit would not relieve the assignor from any potential liability in connection with the failure to make required Capital Contributions or the return of the Capital Contributions.

No Right to Withdraw Capital Contribution.

No Member has the right to withdraw his or her capital contribution from the Company.

Allocation of Company Profits and Losses; Company Distributions.

The Operating Agreement contains detailed provisions governing the allocation of profits, gains, tax credits and losses for federal income tax purposes, and the distribution of cash flow available for distribution, refinancing proceeds, and sale proceeds. The Company will be treated as a partnership for federal income tax purposes. The Company expects that it will make cash distributions to the Members on a monthly basis, and in any case on at least a quarterly basis to cover the anticipated federal income tax liability for profits allocated during those periods. Each Member will be required to report all amounts of income and gain allocated to the Member on the Member's tax return whether or not the Company makes any cash distributions to its Members. The Company strongly recommends that persons considering an investment in the Company consult their own tax advisers before investing.

Compensation of the Manager.

The Manager of the Company will receive a management fee for operation of the Company based on the capital commitments received from investors, plus reimbursement of expenses as set forth above in "Compensation, Fees, and Reimbursements to the Manager" in "The Project" section above.

Other Projects of Members.

Under the Operating Agreement, any Member may engage independently or with others in other project ventures of every nature and description, including project ventures that compete with the projects of the Company or the Manager. Neither the Company nor any Member will have any right to participate in or to receive any income or proceeds derived from another Member's engaging in any other projects, and the pursuit of such ventures, even if competitive with the projects of the Company or the Manager, will not be deemed wrongful or improper. The Manager will not be obligated to present any particular opportunity to the Company or the Members and any affiliate of the Manager will have the right to take for its own account (individually or as a trustee, Member, or fiduciary) or to recommend to others any such particular opportunity.

Amendments.

The Manager may amend the Operating Agreement in certain circumstances, including, amendments required to reflect the preferences and rights of new Units to be issued. Other

amendments to the Operating Agreement may be made only upon the agreement of Members holding a majority of A Units.

Restrictions on Assignments of A Units.

Except as provided in the Operating Agreement, no Member will otherwise have the right to sell, assign, transfer, pledge, mortgage, or otherwise dispose of or encumber all or any portion of their A Units. A transfer of a Company interest by a Member is permissible if made (a) with the prior written consent of the Manager, (b) to another Member, (c) by succession as a result of a Member's bankruptcy, death, dissolution or legal incompetency, or (d) to a Member's immediate family member, provided that the transfer is made in accordance with the requirements set forth in the Operating Agreement.

A Member may not pledge or grant a security interest in his or her A Units without the consent of the Manager.

All expenses incurred by the Company related to a transfer or pledge of Units will be charged to the Member requesting the transfer or pledge.

Call Option.

The Operating Agreement provides a call option for the Company and a put option for investors. Beginning eight years after development is completed and operations begin on the Property, the Company or its designee will have an option to purchase some or all the A Units at 105% of Unit value. Unit value will be the amount the A Units holders would receive for each Unit if the Project were sold for formula fair market value, all liabilities of the Company were paid, and the remaining proceeds were distributed to the members. Formula fair market value of the Project will be determined by dividing the annual rent under the Lease, by the fair market value capitalization rate. The fair market value capitalization rate will be determined by a certified real estate expert. The first call period will not be until the first calendar year after the eighth anniversary of the commencement of operations.

Put Option.

Also beginning eight years after development is completed and operations begin on the Property, each investor will have an option to require that the Company purchase its A Units at 95% of Unit value. Under certain circumstances the option price will be payable over five years with interest. Unit value will be determined as described for the Call Option. The first put period will not be until the first calendar year after the eighth anniversary of the commencement of operations. Exercise of Put Options will be limited to an annual 60-day period specified by the Company. The purchase price per Unit will be paid in cash within 180 days following the expiration of the 60-day option period; provided, however, that in the event that Class A Members holding more than 10% of the Class A Units exercise the Put Option in any given calendar year, the purchase price may be payable over five years with interest. The interest rate will be the publicly announced prime or similar reference rate quoted in *The Wall Street Journal* on expiration of the 60-day option period.

Return of Capital.

The net proceeds from any capital event (i.e. the sale or refinancing of the Company's property) will be first used to pay any undistributed preferred return to A Units and then to return the capital of A Units. Any additional proceeds will be used to return the capital of B Units (of which none is expected) and all remaining net proceeds will be split 33% to A Units and 67% to B Units.

Books and Reports.

The Manager is required to maintain adequate books and records with respect to the Project at the principal office of the Company. The books and records will be maintained for financial accounting purposes in accordance with the methods of accounting determined by the Manager. Members will be entitled to have access to the books and records of the Company at reasonable hours.

POTENTIAL CONFLICTS OF INTEREST

Conflicts of interest may arise between the Company, the Manager, Brewpubs and McMenamins. McMenamins has experience restoring historic buildings into hotel and community properties and successfully operating these projects. The Company is developing the Property in accordance with this model with the intent that Brewpubs will operate the Project. The Company, its Manager, Brewpubs and McMenamins will utilize some of the same key individuals. The time devoted by these individuals to the Manager, Brewpubs and McMenamins may conflict with the time required to manage and operate the Company. The Operating Agreement does not require that the Manager devote a minimum amount of time to provide services to the Company. The Manager may also engage in other real-estate-related projects and ventures and could devote a significant amount of time to these other endeavors.

The Manager will receive a fee for the management of the Company equal to 0.5% of aggregate capital commitments by investors other than DAP, as well as reserves the right to receive a development fee equal to 1.0% of development costs as described under "The Project"- "Compensation, Fees, and Reimbursements to the Manager" and as further set forth in the Operating Agreement, even if the Company is not profitable. Although the Manager has a fiduciary duty to the Members of the Company, the management fee may create conflicts of interest in how the Manager deals with Members. Furthermore, the Manager will also be a Member of the Company, and will own both A Units and B Units. The Manager's dual role as both a manager and a member of the Company could create a conflict of interest.

Mike McMenamin is a member of the Manager and also owns an indirect, substantial equity interest in Brewpubs and a direct, substantial equity interest in McMenamins. Mike's involvement in the Company and the Project is likely to provide substantial value to both. However, the Company is dependent on the Manager, Brewpubs and McMenamins and the interconnected relationships of the parties could create conflicts of interest in relation to decisions the Manager makes with respect to the Company. In addition, once the Project is completed, the Company will lease the Property to Brewpubs, which is owned and operated by the same individuals who own and operate Manager.

The City of Tacoma recently awarded McMenamins the exclusive right to negotiate a lease agreement for a redevelopment project involving Tacoma's historic Old City Hall, which is across the street from the Property. As noted in "The Project" section above, the Company and McMenamins plan to work together to ensure the Project and the Old City Hall project are complementary but, given the similar amenities and proximity of the Property and Old City Hall, the interests of the companies that own those two projects could diverge.

FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of certain selected federal income tax consequences to Members and applies only to persons purchasing A Units directly from the Company. This discussion is based upon the Code, including rules and regulations promulgated thereunder, published rulings and procedures of the Internal Revenue Service and court decisions, as in effect as of the date of this Circular. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX ASPECTS OF PURCHASING AND OWNING A UNITS. THE FOLLOWING DISCUSSION IS NOT INTENDED AS LEGAL OR TAX ADVICE TO PROSPECTIVE INVESTORS.

Taxation of Members.

The Company will be treated as a partnership for federal income tax purposes. The Company, as an entity, is not subject to any federal income taxes. The Company is required to file an annual partnership information income tax return, and each Member will be required to report on his or her personal income tax return his or her allocable share of each item of the Company's income, gain, loss, or deduction consistent with the treatment by the Company. If a Member takes an inconsistent position, he or she must file a statement identifying such inconsistency.

Each Member will be taxed on his allocable share of all Company taxable income, if any, and will be entitled to deduct his allocable share of any Company net losses to the extent such losses do not exceed the adjusted tax basis for his or her A Units.

Organizational and Syndication Expenses.

Section 709 of the Code requires that expenses paid in connection with the organization and syndication of a partnership be capitalized. Expenses of organizing (but not syndicating) a partnership may, at the election of such partnership, be amortized over a period of not less than 60 months. Syndication expenses can be neither deducted nor amortized. These partnership rules apply to limited liability companies, including the Company.

Allocations of Profits and Losses for Tax Purposes.

All items of income, gain, loss and deduction will be allocated to Members in a manner generally consistent with the distribution priorities set forth above under the heading "Preferred Return."

Sale or Other Disposition of A Units.

Upon the sale or redemption of A Units, a Member will recognize gain or loss equal to the difference between the proceeds of the sale and his adjusted tax basis in such A Units. Gain or loss realized on a sale of A Units by a Member who is not a "dealer" in A Units and who has held such Membership Interest for more than the applicable holding period will generally be long-term capital gain or loss, as the case may be.

State and Local Taxes.

In addition to the federal income tax consequences described above, prospective investors should consider potential local tax consequences of an investment in the Company. There may be income tax liability in the state, county, and city in which a Member resides. Each investor is advised to consult with their own tax advisor for advice as to state and local taxes which may be payable in connection with an investment in the Company.

Company Tax Returns and Tax Information.

The Company intends to file tax returns on its operations on the cash method of accounting. The Company will provide the Members with information within a reasonable time after the close of each fiscal year for the Members' use in preparation of their individual income tax returns. Each Member will be responsible for preparing and filing their own income tax returns.

THE FOREGOING ANALYSIS IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING.

WHO SHOULD INVEST

Only accredited investors may invest in this offering. Requirements for individuals, revocable trusts, irrevocable trusts, and certain entities are described below.

Individuals.

An individual investor may be accredited based on net worth or income (either alone or with a spouse), as follows:

Net worth: an individual whose net worth, or joint net worth with his or her spouse exceeds \$1,000,000, excluding the value of the individual's primary residence. For purposes of calculating net worth, the individual must include the following as liabilities: (i) any indebtedness that is secured by the individual's primary residence in excess of the estimated fair market value of the residence, and (ii) any incremental debt secured by the individual's primary residence that was incurred in the past 60 days, other than as a result of the acquisition of the residence.

Income: an individual who had individual income in excess of \$200,000, or joint income with his or her spouse in excess of \$300,000, in each of the last two years, and who has a reasonable expectation of reaching the same income level in the current year.

Revocable Trusts.

A trust that is revocable by its grantors and each of whose grantors is an accredited investor.

Irrevocable Trusts.

A trust (other than an ERISA plan, defined below) that (i) is not revocable by its grantors, (ii) has in excess of \$5,000,000 of assets, (iii) was not formed for the specific purpose of acquiring A Units, and (iv) is directed by a person who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of an investment in the Company.

Entity Owned Entirely By Accredited Investors

A corporation, partnership, private investment company or similar entity each of whose equity owners is an accredited investor.

Institutions

Investment in the offering is generally open to institutions that qualify as accredited investors, excluding pension plans or other investors who may be subject to the Employee Retirement Income Security Act ("ERISA"). Each prospective investor is urged to consult its own advisers as to whether it is subject to ERISA.

The list above covers common categories of accredited investors, but is not exhaustive. IRAs will not be permitted to invest in the offering due to distribution and valuation requirements.

FINANCIAL PROJECTIONS

The following financial projections set forth eight years of the Company's projected financial results, and five years of Brewpub's projected financial results from Project operations, in each case beginning upon completion of development. The following Company and Project projections are based on financial information and assumptions that the Company believes are reasonable. The Company, however, has not conducted any significant studies or investigations into the assumptions that were used in preparing the financial projections. Please see the "Financial Projections" subsection under the heading "Risk Factors" for a discussion on the risks associated with the financial projections. The Company makes no representations or warranties as to the accuracy or completeness of the projections or the underlying assumptions.

ELKS TEMPLE PROPERTIES LLC INVESTMENT SUMMARY

ELKS TEMPLE PROPERTIES LLC		
ELKS TEMPLE PROPERTIES INVESTMENT SUMMARY		
Estimated Project Costs		
Real Property Purchase Cost	\$	1,240,427
Renovation Costs (Includes Sales and B&O Tax)		22,098,075
Construction Contingency		2,000,000
Low Voltage Cabling		85,000
Architect/Engineering Fees		1,200,000
Legal Fees		125,000
Developer Fee		278,808
Environmental Fees		10,000
Financing Costs		315,000
Permits/SDC/Infrastructure Fees		150,000
Contingency		122,690
Construction Interest		375,000
Total Estimated Project Cost		28,000,000
Capital Structure		
		Pro Rata Share
DAP LLC Class A Unit Equity Capital Contributions	\$	500,000 5.0%
Investor Member Class A Unit Equity Capital Contributions		9,500,000 95.0%
Senior Debt Financing (Construction to Permanent)		18,000,000
Total		28,000,000
Rate of Return to Establish Rent		7.5%
Annual Rental Income to LLC (Total Estimated Project Cost x Rate of Return)	\$	2,100,000
Monthly Rent to LLC (Year 1)		175,000
Annual Rent Escalator		2.0%
Class A Unit Post Preferred Return %		33.0%
DAP LLC Class B Units Post Preferred Return % (Cash Investment and Promote for Brand Equity)		67.0%
Assumed Interest Rate on Debt		5.5%
Preferred Return Rate on Class A Unit Equity Capital Contributions		8.0%
Assumed Liquidation of Class A Units	Year 9 of Operations	
Assumed Market Capitalization Blended Rate (Hotel and Retail) in Year 9		7.75%
Projected Investor Member Class A Unit IRR - 95% Put		9.6%
Projected Investor Member Class A Unit IRR - 105% Call		10.4%

ELKS TEMPLE PROPERTIES LLC CASH FLOW PROJECTIONS

ELKS TEMPLE PROPERTIES LLC										
ELKS TEMPLE PROPERTIES LLC CASH FLOW PROJECTIONS										
	June 2017 Opening	Loan Amortization Commences June 2018	2019	2020	2021	2022	2023	2024	June 2025 Hypothetical PUT or CALL	Totals
McMenamin Lease Payments	1,225,000	2,142,000	2,184,840	2,228,537	2,273,108	2,318,570	2,364,941	2,412,240	1,230,242	18,379,477
Interest Expense (Construction & Permanent Loan)	(587,591)	(1,000,249)	(988,036)	(976,399)	(958,588)	(942,606)	(925,723)	(910,394)	(443,284)	(7,732,870)
Principal Payments (Construction & Permanent Loan)	-	(139,825)	(250,363)	(264,486)	(279,405)	(295,166)	(311,815)	(329,404)	(171,606)	(2,042,069)
Other	-	-	-	-	-	-	-	-	-	-
Net Cash Available for Distribution	637,409	1,001,926	946,440	987,652	1,035,115	1,080,798	1,127,402	1,172,441	615,353	8,604,538
Preferred Return on Capital Contributions (Class A Units) - Investor Member	(605,539)	(951,830)	(899,118)	(938,270)	(893,029)	(760,000)	(760,000)	(762,082)	(376,877)	(6,946,745)
Preferred Return on Capital Contributions (Class A Units) - DAP	(31,870)	(50,096)	(47,322)	(49,383)	(47,002)	(40,000)	(40,000)	(40,110)	(19,836)	(365,618)
Investor Member Class A Units Post Preferred Return Distribution - 33% Pro Rata Share	0	0	0	(0)	(30,110)	(88,919)	(103,677)	(117,246)	(69,236)	(409,189)
DAP LLC Class A Units Post Preferred Return Distribution - 33% Pro Rata Share	0	0	0	(0)	(1,585)	(4,680)	(5,457)	(6,171)	(3,644)	(21,536)
DAP LLC Class B Unit Distribution - 67%	0	0	0	(0)	(63,390)	(187,199)	(218,268)	(246,833)	(145,760)	(861,450)
Total Cash Distributed	(637,409)	(1,001,926)	(946,440)	(987,652)	(1,035,115)	(1,080,798)	(1,127,402)	(1,172,441)	(615,353)	(8,604,538)
Preferred Return Balance - Investor Member Class A Units										
Calculated Accrued Preferred Return	(1,245,704)	(760,000)	(760,000)	(762,082)	(760,000)	(760,000)	(760,000)	(762,082)	(376,877)	
Remaining Preferred Return Balance from Previous Year	-	(640,165)	(448,335)	(309,216)	(133,029)	0	0	0	0	
Total	(1,245,704)	(1,400,165)	(1,208,335)	(1,071,298)	(893,029)	(760,000)	(760,000)	(762,082)	(376,877)	
Annual Preferred Return Contributed in Cash	605,539	951,830	899,118	938,270	893,029	760,000	760,000	762,082	376,877	
Remaining Preferred Return to be Distributed	(640,165)	(448,335)	(309,216)	(133,029)	0	0	0	0	0	
Preferred Return Balance - DAP Member Class A Units										
Calculated Accrued Preferred Return	(65,563)	(40,000)	(40,000)	(40,110)	(40,000)	(40,000)	(40,000)	(40,110)	(19,836)	
Remaining Preferred Return Balance from Previous Year	-	(33,693)	(23,597)	(16,275)	(7,002)	0	0	0	0	
Total	(65,563)	(73,693)	(63,597)	(56,384)	(47,002)	(40,000)	(40,000)	(40,110)	(19,836)	
Annual Preferred Return Contributed in Cash	31,870	50,096	47,322	49,383	47,002	40,000	40,000	40,110	19,836	
Remaining Preferred Return to be Distributed	(33,693)	(23,597)	(16,275)	(7,002)	0	0	0	0	0	
Total Preferred Return	637,409	1,001,926	946,440	987,652	940,030	800,000	800,000	802,192	396,712	

ELKS TEMPLE PROPERTIES LLC LIQUIDATION

ELKS TEMPLE PROPERTIES LLC LIQUIDATION							
Elks Temple Properties LLC							
Hypothetical Liquidation Example							
						Year 9	
Hypothetical Put/Call - June 2025						Put @ 95%	
						Year 9	
						Call @ 105%	
Hypothetical Cash Waterfall Liquidation Analysis							
Hypothetical Fair Market Value							
						31,436,933	31,436,933
Loan Balance						(15,930,117)	(15,930,117)
Net Available to Distribute						15,506,816	15,506,816
Investor Member Class A Unit Equity Capital Returned							
						(9,500,000)	(9,500,000)
DAP LLC Class A Unit Equity Capital Returned							
						(500,000)	(500,000)
Balance to Distribute						5,506,816	5,506,816
Investor Member Class A Units Distributions - 33% at Pro Rata Share							
						(1,743,825)	(1,743,825)
DAP LLC Class A Units Distribution - 33% at Pro Rata Share							
						(91,780)	(91,780)
DAP LLC Class B Units Distribution - 67%							
						(3,671,211)	(3,671,211)
Balance						-	-
Cash Distributed to Investor Member Class A Units at Liquidation							
Return of Equity Capital Invested							
						9,500,000	9,500,000
Share of Available Cash at Hypothetical Liquidation							
						1,743,825	1,743,825
Total Cash Distributable to Investor Member Class A Units on Liquidation						11,243,825	11,243,825
Option Purchase Price for Investor Member Class A Units						10,681,634	11,806,016

MCMENAMIN'S BREW PUBS, INC.
YEARLY INCOME STATEMENT PROJECTIONS
For the Property

MCMENAMIN'S BREW PUBS, INC.										
YEARLY INCOME STATEMENT PROJECTIONS										
For Elks Temple Property										
McMenamins, Inc.										
Elks Lodge Project										
Annual Income Statement Projections										
	1		2		3		4		5	
	Elks Lodge Project Projections									
	Year 1		Year 2		Year 3		Year 4		Year 5	
		%		%		%		%		%
TOTAL REVENUES	\$ 12,070,279		\$ 12,423,320		\$ 12,773,160		\$ 13,283,269		\$ 13,751,672	
<i>Revenue per Day</i>	\$ 33,069		\$ 34,036		\$ 34,995		\$ 36,393		\$ 37,676	
COST OF SALES	\$ 6,086,733	50.4%	\$ 5,590,494	45.0%	\$ 5,747,922	45.0%	\$ 5,977,471	45.0%	\$ 6,188,252	45.0%
GROSS PROFIT	\$ 5,983,546	49.6%	\$ 6,832,826	55.0%	\$ 7,025,238	55.0%	\$ 7,305,798	55.0%	\$ 7,563,420	55.0%
INDIRECT EXPENSES	\$ 1,219,071	10.1%	\$ 1,118,099	9.0%	\$ 1,149,584	9.0%	\$ 1,195,494	9.0%	\$ 1,237,650	9.0%
OPERATING EXPENSES	\$ 3,899,093	32.3%	\$ 2,981,597	24.0%	\$ 3,065,558	24.0%	\$ 3,187,984	24.0%	\$ 3,300,401	24.0%
INCOME (LOSS) FROM OPERATIONS	\$ 865,382	7.2%	\$ 2,733,130	22.0%	\$ 2,810,095	22.0%	\$ 2,922,319	22.0%	\$ 3,025,368	22.0%
TOTAL OTHER INCOME (EXPENSE)	\$ (84,162)	-0.7%	\$ (72,756)	-0.6%	\$ (60,855)	-0.5%	\$ (48,439)	-0.4%	\$ (35,484)	-0.3%
INCOME (LOSS) BEFORE TAXES	\$ 781,220	6.5%	\$ 2,660,374	21.4%	\$ 2,749,240	21.5%	\$ 2,873,880	21.6%	\$ 2,989,884	21.7%
CASH FLOW INFORMATION										
Operating Cash Flow (NI + Dep + Int)	\$ 865,382		\$ 2,660,374		\$ 2,749,240		\$ 2,873,880		\$ 2,989,884	
Less: Principal Pmts	\$ (263,199)		\$ (274,606)		\$ (286,506)		\$ (298,923)		\$ (311,877)	
Interest Pmts	\$ (84,162)		\$ (72,756)		\$ (60,855)		\$ (48,439)		\$ (35,484)	
Rent Pmts	\$ (2,117,500)		\$ (2,159,850)		\$ (2,203,047)		\$ (2,247,108)		\$ (2,292,050)	
Cash Available after Prin, Int. & Rent Pmts	\$ (1,599,479)		\$ 153,163		\$ 198,832		\$ 279,411		\$ 350,472	
<i>Operating Cash Flow Ratio</i>	<i>0.35</i>		<i>1.06</i>		<i>1.08</i>		<i>1.11</i>		<i>1.13</i>	

NOTE: Operating Expenses include \$850,000 in start up costs in Year 1

FORWARD-LOOKING STATEMENTS

This Circular contains certain forward-looking statements that involve risks, uncertainties and assumptions that are difficult to predict. Words and expressions reflecting optimism, satisfaction or disappointment with current prospects, as well as words such as "believes," "hopes," "intends," "estimates," "expects," "projects," "plans," "anticipates" and variations thereof, or the use of future tense, identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. The Company's forward-looking statements are not guarantees of performance and actual results could differ materially from those contained in or expressed by such statements. In evaluating all such statements the Company urges investors to specifically consider various risk factors identified in this Circular, including the matters set forth under the heading "Risk Factors," any of which could cause actual results to differ materially from those indicated by the Company's forward-looking statements.

The Company's forward-looking statements reflect the Company's current views with respect to future events and are based on currently available financial, economic, and competitive data and information on current business plans. Investors should not place undue reliance on the Company's forward-looking statements, which are subject to risks and uncertainties relating to, among other things: (i) general economic and business conditions, (ii) changes in foreign, political, and social conditions, (iii) regulatory initiatives, compliance with governmental regulations and the regulatory approval process, (iv) the Company's ability to develop the Property and complete the Project, (v) the specific risk factors discussed under the heading "Risk Factors" above, and (vi) various other matters, many of which are beyond the Company's control. Should one or more of these risks or uncertainties develop, or should underlying assumptions prove to be incorrect, actual results may vary materially and adversely from those anticipated, believed, estimated, or otherwise indicated by the Company's forward-looking statements.

Except as required by law, the Company does not undertake any responsibility to update these forward-looking statements to take into account events or circumstances that occur after the date of this Circular. Additionally, the Company does not undertake any responsibility to update investors on the occurrence of any unanticipated events which may cause actual results to differ from those expressed or implied by these forward-looking statements.

ADDITIONAL INFORMATION

Potential investors who wish to review additional information to evaluate the proposed investment will be granted access to such information that the Company possesses or can acquire without unreasonable effort or expense. This information will be provided to a potential investor requesting such information upon the potential investor's execution of a non-disclosure agreement.

PLAN OF DISTRIBUTION AND INVESTMENT PROCEDURES

A Units are being offered and sold exclusively by the Company to accredited investors within the meaning of federal and state securities laws and the regulations thereunder. The categories of accredited investors are set forth above and in "Documentation Required to Confirm Accredited Investor Status" ("Documentation Requirements") accompanying this Circular.

Each investor will be required to provide supporting documents that provide proof that he, she, or it is an accredited investor in accordance with the Documentation Requirements.

Investors in McMenamins' recent development of the Anderson School in Bothell, Washington, will be given priority to invest in the Company.

The A Units are offered only pursuant to a subscription agreement. A subscription agreement will be provided, and an offer of A Units made, only to persons who (A) have provided proof of Accredited Investor status and (B) are resident or domiciled in a state in which all required filings relating to the offering have been filed and accepted. Each prospective investor will be required to complete and deliver to the Company a subscription agreement establishing that the investor (i) is an accredited investor; (ii) is willing and able to bear the economic risks of an investment; (iii) has read and understands this Circular, the Company's Operating Agreement, and other transaction documents; and (iv) is purchasing A Units for his or her own account, for investment, and not with a view to resale. The subscription agreement will include certain warranties and representations that the investor will need to make in order for the subscription to be accepted by the Company. The minimum subscription amount is \$150,000.

The Company will not accept funds until commitments for \$7,500,000 are received from outside investors. The Company may increase the total offering amount in its sole discretion. If the minimum subscription amount of \$7,500,000 is received, the Company, in its sole discretion, will accept subscription agreements and payment from investors.

Each investor will be required to remit by wire transfer or check an amount equal to 25% of the purchase price for its subscribed-for A Units at closing. The balance of investor commitments will be payable as needed during Project development, with not less than 10 business days' prior written notice from the Company or the Manager. Investors should expect to fund their entire commitments within 60 days of closing.

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EXHIBITS

The following documents can be downloaded at www.ElksTempleProperties.com:

The Company's Operating Agreement

Documentation Required to Confirm Accredited Investor Status

The Lease