OFFERING CIRCULAR

ELKS TEMPLE PROPERTIES LLC

~~May 16, 2016~~

September 1, 2017

Maximum Offering: $12,500,000 Class A Preferred Membership Units
~~$10,000,000~~Minimum Offering: $7,500,000 Class A Preferred Membership Units
Minimum Investment: $150,000
Purchase Price Per Class A Preferred Unit: $25,000
Total Number of Class A Preferred Units Offered: ~~400~~500

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~~**44** 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; **and** 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.~~**65.**

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~~**7,500,000** to a maximum of $12,500,000. The Company will not accept payment from investors until the Company receives **and accepts** $7,500,000 in subscriptions from outside investors**. Acceptance of subscriptions is in the Company's sole discretion**.

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.~~13.

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.~~**September 1, 2017.**

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~~**managed** 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~~**44** 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; **and** 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.~~**Before Project development begins, the Company will enter into a lease of the Property (the "Lease") to Elks Lodge Master Tenant, LLC, a Washington limited liability company ("Master Tenant"), which will operate the Property as a McMenamins facility. Master Tenant will be managed by Tacoma MEL Properties, LLC, a Washington limited liability company (the "McMenamins Manager"), which** will operate the developed facilities. **The McMenamins Manager is** a wholly owned subsidiary **of McMenamin's Brew Pubs, Inc., a Washington corporation. The McMenamins Manager and The Sherwin-Williams Company ("Sherwin-Williams") will be the owners of Master Tenant.**

The initial Lease term will be 32 years with one 8-year renewal option. Annual base rent for the first year of the initial Lease term will be approximately $2,156,250.00, payable monthly.

Master Tenant will make payment of prepaid rent in the approximate amount of $5,100,000 over four installments to the Company. This prepaid rent will be used to fund development costs, and is in addition to the annual base rent due under the Lease. The prepaid rent installments will be paid after Sherwin-Williams contributes capital to Master Tenant in accordance with a schedule that is conditioned on Master Tenant's compliance with requirements of Historic Tax Credits under the Internal Revenue Code (the "Code")**, among other conditions set forth in the operating agreement of Master Tenant.**

The McMenamins organization, which consists of McMenamins, Inc. and its subsidiaries ("McMenamins"), is an iconic Pacific Northwest hospitality provider~~. Since its founding~~ **founded** in 1983 by brothers Mike and Brian McMenamin~~,~~**.** McMenamins, famous for resurrecting old buildings and transforming them into ~~places~~**destinations** 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~~**approximately** 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~~**revenue and expense** 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,~~**11,000,000,** or ~~400,~~**440,** of its A Units, in this offering. **The Company is authorized to sell up to 500 of its A Units in this offering for a total investment of $12,500,000.** The Company will not accept payment from investors until the Company receives **and accepts** $7,500,000 in subscriptions from outside investors. **Acceptance of subscriptions is in the Company's sole discretion.**

DAP will invest $500,000 in the securities offered, for which it will be issued 20 A Units. ~~This amount is~~**DAP may invest additional amounts in the Company in exchange for A Units at a price of $25,000 per A Unit. These amounts will be** 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 **("Historic Tax Credits")**. The Company ~~may attempt~~**has entered into an arrangement with Sherwin-Williams** to monetize these ~~tax credits~~**Historic Tax Credits** to secure approximately $~~5,000,000 in tax credit~~**5,100,000 in Historic Tax Credits** 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~~**Sherwin-Williams will make capital contributions to Master Tenant, which will in turn pay the Company a total of approximately $5,100,000 as prepaid rent under the Lease. This prepaid rent will be used to fund development costs, and is in addition to the annual base rent due under the Lease as described above**.

In connection with the Historic Tax Credits equity being provided by Sherwin-Williams, (A) the Company will be required to make certain representations and covenants to Master Tenant in the Lease, (B) McMenamins will enter into certain agreements with and make guaranties and pledges in favor of Sherwin-Williams, and (C) the Company will be prohibited from taking certain actions that would cause the Historic Tax Credits to be subject to recapture, or otherwise disqualify the Historic Tax Credits. See "Lease" and "Historic Tax Credits" sections below.

The Company anticipates using a $17.25 million 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 Company also plans to finance development costs with an anticipated bridge loan of up to $5.0M which would provide temporary financing until such time as Sherwin-Williams has fully funded its Historic Tax Credits investment. The Company may use the Historic Tax Credits equity and the Property as additional security for the bridge loan.

~~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.~~**DAP will pay any construction costs to the extent those costs exceed the available proceeds of the construction loan, this offering, and tax credit equity. Any amounts paid by DAP for construction costs will constitute a capital**

contribution that will increase its capital account with the Company. DAP will be entitled to be repaid this capital contribution (without interest) upon liquidation of the Company or sale or refinancing of the Property, but only after A Unit holders have received their Preferred Return (described below) and repayment of their invested capital. In partial consideration of DAP's payment of excess construction costs, any increase in Historic Tax Credit equity attributable to the additional costs will be allocated to DAP. 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, as an alternative to payment of the costs by DAP.

Preferred Return.

A Units will receive an 8% per annum, noncompounded, preferred return on invested capital before any distributions are made to B Units **(the "Preferred Return")**. 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~~**9.0**% and ~~10.4~~**9.9**%.

Rights and Obligations of ~~the Manager~~DAP.

~~The Manager~~**DAP** has exclusive control over the business and affairs of the Company. ~~The Manager~~**DAP** 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~~**DAP** 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~~**DAP** 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~~**66** 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~~**44** 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; **and** a McMenamins brewery~~; and on-site gardens that will provide the restaurants with fresh, seasonal ingredients. After~~**. Before Project** development ~~is complete~~**begins**, the Company will enter into a lease of the Property (the "Lease") to ~~McMenamin's Brew Pubs, Inc. ("Brewpubs"),~~**Elks Lodge Master Tenant, LLC, a Washington limited liability company ("Master Tenant"). Master Tenant will be managed by Tacoma MEL Properties, LLC, a Washington limited liability company ("McMenamins Manager"), which will operate the developed facilities. The McMenamins Manager is** a wholly owned subsidiary of ~~McMenamins, Inc., which will operate the developed facilities~~**McMenamin's Brew Pubs, Inc., a Washington corporation. The McMenamins Manager and The Sherwin-Williams Company will be the owners of Master Tenant**.
~~**Manager**~~**DAP:**	Dance On Air Properties~~,~~ LLC, a Washington limited liability company, ~~controlled by Mike McMenamin.~~ **will serve as the statutory manager of the Company. DAP is managed by Mike McMenamin, who is currently also DAP's sole member. At closing, ownership is expected to be expanded to also include McMenamins, Inc. as an additional member.**
Securities Offered:	Class A Preferred Units ("A Units").

Total Offering:

$~~10,000,000~~**11,000,000** sought. Total Offering amount may range from a minimum of $~~8,000,000~~**7,500,000** to a maximum of $12,500,000. No funds will be accepted until commitments for $7,500,000 are received from outside investors~~.~~ **and accepted by the Company. Acceptance of subscriptions is in the Company's sole discretion.** 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. **The minimum offering amount required to close the offering, as stated above, excludes the units to be purchased by DAP. DAP may invest additional amounts in the Company in exchange for A Units at a price of $25,000 per A Unit.**

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~~**Repay predevelopment costs and related construction expenses ($2.0 million) incurred in the development of the Property**
- Offering expenses
- Working capital for **primary construction and Property** development.

Project costs will be funded as follows:

Purchase Costs	$1.24MM
Development Costs	$~~26.37~~**28.88**MM
~~Management and Development~~**Architectural, Permits &** Fees	$~~0.27~~**1.70**MM
Offering **& Financing** Expenses	$~~0.12~~**1.08MM**
Soft Cost Contingency	**$0.30MM**
Capitalized Construction Interest	**$0.65**MM
Total Project Cost	$~~28.00~~**33.85**MM
Equity Investment – DAP **(Minimum)**	$0.50MM
Equity Investment – Offering	$~~9.50~~**11.00**MM
Total **Investment** Equity	$~~10.00~~**11.50MM**
Historic Tax Credit Investment	**$5.10**MM
Construction to Permanent Loan	$~~18.00~~**17.25**MM
Equity and Debt Capital	$~~28.00~~**33.85**MM

Closing and Drawdowns: Initial closing will occur as soon as practicable after the Company receives and accepts $7,500,000 in commitments from outside investors. Acceptance of subscriptions is in the Company's sole discretion.

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~~30 days of closing.

Capital Structure: 700 authorized units of membership interest, comprising:

- 500 A Units
    - ~~400~~440 A Units~~,~~ expected to be sold in this offering~~, including~~
    - 20 A Units to be issued to DAP for $~~500,000~~500,000. DAP may invest additional amounts in the Company in exchange for A Units at a price of $25,000 per A Unit.
    - ~~100~~40 A Units, authorized but not outstanding, for oversubscriptions up to the maximum offering amount
- 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:	**DAP determines the amount and timing of distributions.** When operations commence **at the Property for purposes of the Lease**, 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~~**DAP**.

Lease:

Before Project development begins, the Company will enter the Lease for the Property to ~~Brewpubs~~**Master Tenant**, which will operate the Property as a hotel, restaurant, and event space after development is complete. The initial Lease term will be ~~20~~**32** years with ~~two 10~~**one 8**-year renewal ~~options.~~ **option.**

The Lease will provide for prepaid rent in the approximate amount of $5,100,000, which will be payable to the Company in four installments from Master Tenant. This prepaid rent will be used to fund development costs, and is in addition to the annual base rent due under the Lease. The prepaid rent installments will be paid after Sherwin-Williams contributes capital to Master Tenant in accordance with a schedule that is conditioned upon Master Tenant's compliance with requirements of Historic Tax Credits under the Code, among other conditions set forth in the operating agreement of Master Tenant.

In addition to the prepaid rent, the Lease will provide for monthly rent payments. Annual base rent for the first year of the initial Lease term will be ~~7.5% of total Project costs, payable monthly. Base~~**approximately $2,156,250.00, payable monthly. The annual rent amount corresponds to 7.5% of construction costs that will be funded by the construction loan ($17,250,000), the projected proceeds of this offering ($11,000,000), and the purchase of A Units by DAP ($500,000), and will be adjusted when actual proceeds are known. During the initial ten years of the Lease, base** rent will increase 2% annually ~~during the initial Lease term. However, for~~**. For** year 11 **and year 21** of the initial Lease term, base rent will be adjusted to **the** fair market ~~rent (~~**rental value of the Property,** but the adjusted base rent will not be less than the ~~base~~ rent in effect for the preceding year~~). Base~~**. Thereafter, base** rent will continue to increase 2% annually ~~for~~**until year 21 or** the ~~duration~~**end** of the initial Lease term~~. Base~~**, respectively. During any renewal period, the base** rent **under the Lease** will ~~also~~**again** be adjusted to **the** fair market ~~rent at the beginning of each renewal (~~**rental value of the Property,** but the adjusted base rent will not be less than the ~~base~~ rent in effect for the ~~preceding year) and will increase annually~~**last month of the initial term. Any increase in annual rental during the renewal term will be** at a rate agreed to by the Company and ~~Brewpubs~~**Master Tenant**.

~~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.~~

Management Agreement	**Master Tenant will enter into a Management Agreement with the McMenamins Manager that will govern its rights and obligations as the manager of Master Tenant. The McMenamins Manager will be compensated by Master Tenant with a management fee based on a varying percentage of gross income from the operation of the Property, plus certain incentive fees.**
Tax Credits:	The planned development of the Property is expected to generate Federal Historic Rehabilitation Tax Credits **("Historic Tax Credits")**. The Company ~~may attempt to monetize these tax credits to secure approximately $5,000,000 in tax credit~~**secured approximately $5,100,000 in Historic Tax Credits** 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~~**This equity will be paid to the Company as prepaid rent from Master Tenant and used to fund development costs**.

Development ~~Fee~~Agreement:	The ~~Manager will~~**Company will enter a Development Agreement with DAP, under which DAP will be** serve as ~~the~~ developer of the Project and ~~reserves the right to receive a one-time fee equal to 1.0% of development costs.~~**be responsible for managing construction of the renovated facility on the Property. Budgeted construction costs will be funded as shown above under "Project Costs." DAP 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 Historic Tax Credits equity raised. Any amounts paid by DAP for construction costs will constitute a capital contribution that will increase its capital account with the Company. DAP will be entitled to be repaid this capital contribution (without interest) upon liquidation of the Company or sale or refinancing of the Property, but only after A Unit holders have received their Preferred Return and repayment of their invested capital. In partial consideration of DAP's payment of excess construction costs, any Historic Tax Credit equity attributable to the additional costs will be allocated to DAP.** **The Development Agreement will not provide for DAP to receive any fee for its services. The consideration to DAP is the issuance of B Units to it.**
~~Management~~Administration Fee:	~~The Manager~~**DAP** 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~~**Administration** Fee, the Company will reimburse ~~the Manager~~**DAP** 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~~**a perpetual** 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 **each year for a 60-day period** 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 **the annual** Put ~~Options~~**Option** will be limited**, each year,** to ~~an annual~~**a** 60-day period ~~specified~~**designated** 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 **by an unsecured promissory note** over five years with interest **and no down payment**. 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~~**DAP** determines that additional capital is required, ~~the Manager~~**DAP** 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~~**DAP** has agreed to bear any cost overruns exceeding the available proceeds of the construction loan, this offering, and any ~~tax credit~~**Historic Tax Credits** equity raised~~.~~**, as described under "Development Agreement."** 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~~**DAP** 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~~**Property**);
- 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).

Under the terms of the operating agreement of Master Tenant, the McMenamins Manager must seek the approval of Sherwin-Williams for certain restricted actions during the period that Sherwin-Williams is an owner of Master Tenant (anticipated to be approximately five years from commencement of operations), including any sale of the Company or the Property.

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~~**While Sherwin-Williams remains an owner of Master Tenant (anticipated to be approximately five years from commencement of operations), no voluntary lifetime transfers of Units will be permitted (other than transfers to revocable trusts for estate planning purposes), in order to comply with Historic Tax Credit rules. Thereafter, the** Operating Agreement will allow transfer of Units only (a) with the prior written consent of ~~the Manager, or~~**DAP,** (b) **to another Member, or (c)** 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.~~ **DAP.** 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 in addition to the Administration Fee. Such administrative costs will** be reimbursed to ~~the Manager~~**DAP** 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~~Master Tenant's Success is Key to the Company's Success.

The Company's success depends on ~~Brewpubs'~~**Master Tenant's** ability to profitably operate the Property under the Lease. The Company's sole source of income is the Lease. If ~~Brewpubs~~**Master Tenant** 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~~**Master Tenant** will operate the Project **through the McMenamins Manager, which is a wholly owned subsidiary of McMenamin's Brew Pubs, Inc**. If McMenamins fails to provide proper guidance or perform as the Company currently expects, **or if the McMenamins Manager is terminated as the manager of Master Tenant for any reason,** 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~~**DAP** has agreed to bear any cost overruns exceeding the available proceeds of the construction loan, this offering, and ~~any tax credit equity raised~~**Historic Tax Credits equity raised. Any amounts paid by DAP for construction costs will constitute a capital contribution that will increase its capital account with the Company. DAP will be entitled to be repaid this capital contribution (without interest) upon liquidation of the Company or sale or refinancing of the Property, but only after A Unit holders have received their Preferred Return and repayment of their invested capital**. 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, **and if DAP cannot honor its commitment to fund costs overruns,** 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 **dilute the interests of investors, or otherwise** adversely affect the financial performance of the Project and returns to investors.

Development Cost Overruns Could Affect the Return to Investors.

As noted above, DAP has agreed to bear any cost overruns exceeding the available proceeds of the construction loan, this offering, and Historic Tax Credits equity raised. However, cost overruns could nonetheless affect the total return to investors. Any amounts paid by DAP for construction costs will constitute a capital contribution that will increase its capital account associated with its B Units in the Company. DAP will be entitled to be repaid this capital contribution (without interest) upon liquidation of the Company or sale or refinancing of the Property, after A Unit holders have received their Preferred Return and repayment of their invested capital, but before remaining proceeds are distributed 33% to A Unit holders and 67% to B unit holders. Accordingly, the total return to A Unit holders will be reduced in part by construction cost overruns. The price to be paid for A Units under the put and call options provided by the Operating Agreement will similarly be affected by construction cost overruns, since that price depends in part on total return that would be received were the Company liquidated.

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~~Has the ~~Exclusive Right~~Opportunity to Negotiate a Lease for a Redevelopment Project That, While Anticipated to be Complementary, Could Compete with the Project.

The City of Tacoma ~~recently~~**previously** 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. **Recently, both parties agreed it was in Tacoma's interest to seek interest from other developers for Old City Hall; however the property currently remains available for development.**

~~If~~ McMenamins~~' lease terms are accepted, it will move forward with~~ **remains interested in** 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~~**Should McMenamins negotiate a lease with the City of Tacoma in the future, and move forward with development of Old City Hall, 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.**~~

Equity from Historic Tax Credits May Be Reduced or Eliminated.

If the Company and Master Tenant fail to secure the equity from the Historic Tax Credits, the Project will require additional financing. The projection of equity to be contributed by Sherwin-Williams in exchange for Historic Tax Credits is dependent upon a number of factors, including the timely completion of construction of the Project and the treatment of such credits under the Code. The time required for construction of the Project depends on the financing available, weather, time of year, local labor supply, availability of materials and supplies, and other factors. There is a possibility that the Company may fail to commence construction in a timely fashion or at any date. Increased costs or shortages or other disruptions in the supply of building materials or skilled labor could cause increases in construction costs and construction delays. In addition, the Project may not qualify for the Historic Tax Credits that are expected to arise under the arrangement between the Company and Sherwin-Williams. Further, there may be changes in the tax treatment of such credits. Sherwin-Williams has protections under the Lease and operating agreement of Master Tenant that allow it to seek repayment of the substantial majority of any equity contributed in exchange for Historic Tax Credits prior to the expiration of the recapture period. If any of these events occur or the Historic Tax Credit equity is otherwise unavailable, the Project will require additional financing. The Company expects to fund development costs until such time as Sherwin-Williams has fully funded its Historic Tax

Credits equity, and the prepaid rent payments are made to the Company, with an anticipated bridge loan of up to $5.0M; however, this loan only provides temporary financing over a two-year term. The Company may secure additional financing by an increase in the amount of the construction loan if permitted by the lender, or it 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 dilute the interests of investors, or otherwise adversely affect the financial performance of the Project and returns to investors.

The Company is Prohibited from Taking Certain Actions Under the Lease During the Recapture Period.

The Company's rights under the Lease are restricted due to the requirements for Historic Tax Credits. Among other limitations, during the period beginning on the commencement date of the Lease until the Historic Tax Credits attributable to the Property are no longer subject to recapture under the Code (projected to be five years), the Company is prohibited from (i) terminating the Lease or Master Tenant's right to possession of the Project; or (ii) accelerating rents (regardless of whether acceleration is allowed under the Lease or at law or in equity).

Agreements Relating to Historic Tax Credits Are Not Yet Complete, and Could Affect the Company's Operating Agreement and Lease.

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.~~and Sherwin-Williams have agreed in principal on the terms on which Sherwin-Williams will provide Historic Tax Credit equity to fund part of the Project. Definitive documents relating to the Historic Tax Credit equity are substantially complete, but the documents are still under review and final terms remain to be decided by the parties. The definitive Historic Tax Credit documents will not be signed until after investors in this offering have made their capital contributions to the Company. Final terms of the Historic Tax Credit equity could require changes to the Company's Operating Agreement, the Lease, Master Tenant's operating agreement, the Management Agreement, or other documents.

~~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~~**Master Tenant** 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 **to** 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.

Tax Treatment of Prepaid Rent.

Because the prepaid rent is being used on development costs and not distributed to the Members, the Company's taxable income resulting from receipt of the prepaid rent will not be associated with current cash flow, which will increase the amount of income and gain allocated to a Member in any year and may cause such income or gain to exceed (or increase the amount by which it exceeds) the cash distributions, if any, made to the Member in that year.

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

If ~~Brewpubs~~**Master Tenant**, as tenant, defaults on the Lease with the Company, the Company and ~~Manager~~**DAP** cannot guarantee that they will be able to remove ~~Brewpubs~~**Master Tenant** 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~~**Master Tenant** 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~~**In addition, the operations of the Property will rely on the expertise of the McMenamins Manager. The McMenamins Manager may be terminated as the manager of Master Tenant for reasons stated under the Management Agreement, including its bankruptcy, the taking of the Property, the substantial damage of the Property or Project, the Manager's breach of any covenant of the Management Agreement, the sale or transfer of the Project from Master Tenant, or the termination of the Lease. Should the McMenamins Manager be terminated as the manager of Master Tenant, Project operations will be adversely impacted, which could potentially result in Master Tenant being unable to make payments under the Lease. Furthermore, if Master Tenant** is unable to make payments under the Lease, the cash flow from the Property would cease until another tenant **or manager** is found and the cash flow from the Property that would have otherwise been paid to the Company in the interim would be lost**. Moreover, if the Company fails to make any debt-related payment of a loan connected to the Property, including payments of principal or interest under the construction loan, Master Tenant has the right, but not the obligation, to make such payment on behalf of the Company. If Master Tenant makes a debt-related payment on behalf of Company, Company must reimburse Master Tenant for all costs incurred and Master Tenant will have the right to offset its rent owed to the Company in the amount of the payment together with interest of 1% plus the prime commercial rate of interest.**

Payments Under Guaranties by McMenamins, Michael McMenamin, and Brian McMenamin to Third Parties Could Affect Returns to Investors.

McMenamins, Inc., Michael McMenamin, and Brian McMenamin will provide certain joint and several payment and performance guaranties, and pledges under the construction loan agreement with HomeStreet Bank and under the Master Tenant operating agreement with Sherwin-Williams to secure the Historic Tax Credits. If Company or Master Tenant are unable to fulfill their respective financial obligations under these agreements, McMenamins, Inc., Michael McMenamin, and Brian McMenamin may be liable for any and all damages incurred by HomeStreet Bank or Sherwin-Williams. Due to the interconnected relationship of the Company, Master Tenant, DAP, and McMenamins Manager, the distressed financial situation or insolvency of McMenamins, Inc., Michael McMenamin, and Brian McMenamin would adversely affect return to an investor, including the Company's ability to finance construction overruns, make payments to investors who exercise the Put Option, and conduct Project operations.

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

For the initial ~~10-year term~~**ten years** of the Lease, base rent is ~~based on the cost to acquire and develop the Project~~**set at a fixed amount** 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~~**ten**-year ~~term~~**period** could become materially less than the fair market rental value of the Property. **There also exists the potential that the Lease may be deemed to be in excess of fair market rent and disqualify the Historic Tax Credits.**

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, **unidentified chemical barrels,** lead-based paint, mold, mildew, **and an existing underground oil line,** 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.

As part of a scope of work of limited abatement and demolition, asbestos removal and temporary measures to seal lead paint were performed, unidentified chemical containers were located and documented, and extensive planning in coordination with environmental

consultants was done to plan for abandoning the existing oil line. MedTox NW and Landau Associates are both professional consultants that have been hired by the Company to survey, record, and create work plans for these environmental issues listed above. 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. **The closing of the construction loan is conditioned upon the Company's receipt of investment proceeds from investors and DAP under this offering that will be sufficient, together with the construction loan and Historic Tax Credits equity, to fund the projected construction costs.** 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~~**Master Tenant** defaults under the Lease, the funds generated from the Property may not be sufficient to pay loan installments. In addition, the permanent loan ~~will~~**is expected to** 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. **Further, the Company expects to fund development costs until such time as Sherwin-Williams has fully funded its Historic Tax Credits equity with an anticipated bridge loan of up to $5.0M; however, this bridge loan only provides temporary financing over a two-year term. If the Historic Tax Credits equity must be repaid to Sherwin-Williams or is otherwise unavailable, the Project will require additional financing. The Company's failure to secure Historic Tax**

Credits equity could also result in a foreclosure under its loans. Due to the volatility in the credit markets and the uncertainties that exist for construction in particular, the Company cannot be certain it will be able to secure sources of financing on terms satisfactory to the Company or at all. The Company is subject to the risk that necessary indebtedness may not be refinanced or that the terms of any refinancing will not be as favorable as the terms of any existing indebtedness, including variable interest rates.

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 **the Company obtains** commitments to raise the equity funding currently being sought by the Company ~~are obtained~~**and the Historic Tax Credits**, along with internal credit approval, documentation, and other terms and conditions as determined solely by the lender. **Similarly, the Company has a term sheet but no binding commitment for a bridge loan for the amount of Historic Tax Credit equity.** There can be no assurance that ~~a commitment~~**commitments** for financing will be obtained or that if obtained, the terms of the financing will be those stated in the term ~~sheet~~**sheets**.

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~~**DAP** and the Company. Changes in economic and regulatory factors may cause the value of the Property to decline, cause ~~Brewpubs~~**Master Tenant** 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~~**the** 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~~**was** not developed by July 19, 2017, or ~~is~~**was** sold before that date. **Although that date has passed, the Company has received no notice or communication from the city indicating an intent to exercise the option.** Because the option would permit the Company to retain a reasonable setback around the structures, the Company does not believe the option**, should it be exercised,** will interfere with the Project. However, exercise of the option could have unexpected effects on the Project and its success.

4. A portion of the Property is encumbered by a trust deed securing financing obtained by the neighboring landowner. This exception results from a lot line adjustment that was approved in 2009 but never recorded. As a result, property that is actually part of the neighboring parcel (and which is encumbered by the neighboring landowner's financing) appears of record to be part of the Property. The Company is currently in the process of having the lot line adjustment recorded and obtaining a release of trust deed from the lender. Although the Company expects the situation to be resolved without difficulty, unexpected complications of the failure to record the lot line adjustment and obtain a release of the purported encumbrance could have an adverse effect on the Project.

Certain ~~deeds of trust~~**other financing-related encumbrances** are also shown as exceptions to the title report. It is anticipated that these ~~deeds of trust~~**encumbrances** 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~~**DAP** determines that additional capital is required, ~~the Manager~~**DAP** 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 McMenamin and Brian McMenamin.

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 McMenamins, Brian McMenamin, and Mike McMenamin do have experience in acquiring and developing similar projects. While McMenamins 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~~**direction** and experience of Mike McMenamin and Brian McMenamin to successfully complete the Project. The Company does not anticipate carrying any "key-man" life insurance on Mike McMenamin or Brian McMenamin, 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 McMenamin or Brian McMenamin 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~~**Master Tenant**, and ~~Brewpubs~~**Master Tenant** 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.~~ **Master Tenant.** As a prerequisite to beginning operations, ~~Brewpubs~~**Master Tenant** 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~~**Master Tenant**.

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~~**DAP**'s ability and decisions in managing the Company. ~~The Manager~~**DAP** 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~~**DAP** may take actions with which investors disagree. Investors will not have the right to object to most management decisions and may remove ~~the Manager~~**DAP** only under certain circumstances as set forth in the Operating Agreement.

~~**The Manager of the Company**~~**DAP May Withdraw**~~**.The**~~ **as the Manager of the Company**~~**, currently**~~**.**

DAP~~,~~ may withdraw as the ~~Manager~~**manager** of the Company. Mike McMenamin is currently the manager of DAP, and Mike McMenamin will use his affiliation with, and resources of, McMenamins and ~~Brewpubs~~**McMenamins Manager** 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~~**DAP** withdraws, the Company could be forced to locate a replacement manager, perhaps drawing on the experience of Brian McMenamin or other long-time employees or second generation McMenamins family members, but locating a suitable and willing replacement manager could be difficult. The withdrawal of ~~the Manager~~**DAP** 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~~DAP and to Limit ~~the Manager~~DAP's Liability.

Under the Company's Operating Agreement, ~~the Manager~~DAP 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~~DAP if ~~the Manager~~DAP 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.~~ DAP. Additionally, ~~the Manager~~DAP 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~~DAP in connection with the Company, provided that they were not the result of gross negligence or willful misconduct on the part of ~~the Manager~~DAP.

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~~DAP to develop, operate, and manage the Project. Conflicts of interest may arise between the Company, ~~the~~**DAP, Master Tenant, McMenamins** Manager, ~~Brewpubs,~~ and McMenamins. The Company, ~~the~~**DAP, Master Tenant, McMenamins** Manager~~, Brewpubs~~, and McMenamins 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~~**DAP, Master Tenant, McMenamins** Manager~~, Brewpubs~~, and McMenamins may conflict with the time required to operate the Company. The Operating Agreement does not require ~~the Manager~~DAP to devote a minimum amount of time to provide services to the Company. ~~The Manager~~DAP 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~~DAP will receive ~~a~~**an annual** fee for ~~the management of~~**managing and administering** the Company **(the "Administration Fee")** 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~~**Management**" and as further set forth in the Operating Agreement **and Development Agreement**, even if the Company is not profitable. Although ~~the Manager~~DAP has a fiduciary duty to the Members of the Company, the ~~management fee~~**Administration Fee and any other fees paid to DAP** may create conflicts of interest in how ~~the Manager~~DAP deals with the Members. Furthermore, ~~the Manager~~DAP will also be a Member of the Company, and may own both A Units and B Units. ~~The Manager~~DAP'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~~DAP and also owns a substantial equity interest in ~~Brewpubs and~~ McMenamins~~.~~ **Manager and McMenamins. McMenamins Manager will manage Master Tenant and will receive a management fee for its services. McMenamins Manager will also be a member of Master Tenant. McMenamins, Inc. will be a member of DAP.** The Company is dependent on ~~the~~**DAP, Master Tenant, McMenamins** Manager~~, Brewpubs~~, and McMenamins, and the interconnected relationships of the parties could create conflicts of interest in relation to decisions ~~the Manager~~DAP 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~~**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~~**DAP**, 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~~**DAP**'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 **or the Historic Tax Credits**. 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~~**DAP, Master Tenant, McMenamins** 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~~**DAP**'s estimate of the expected operating results of the Company for the periods covered thereby. The projections are based on ~~the Manager~~**DAP**'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~~**DAP** believes to be reasonable but that are inherently uncertain and unpredictable. The assumptions used by ~~the Manager~~**DAP** 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~~**DAP**, 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.~~**60.**

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~~**DAP** 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. **Because the prepaid rent is being used on development costs and not distributed to the Members, the Company's taxable income resulting from receipt of the prepaid rent will not be associated with current cash flow, which could increase the amount of income and gain allocated to a Member in any year and may cause such income or gain to exceed (or increase the amount by which it exceeds) the cash distributions, if any, made to the Member in that year.** 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")~~**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~~**manager** of the Company**, is managed by Mike McMenamin,** and is ~~controlled~~**currently owned** by Mike McMenamin.** At closing, ownership is expected to be expanded to also include McMenamins, Inc., as an additional member of DAP.**

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 reimagined 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~~**Master Tenant intends to** 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~~**44** 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 **primarily** with the proceeds of this offering and an anticipated $~~18~~**17.25** 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.~~

The planned development of the Property is expected to generate Federal Historic Rehabilitation Tax Credits ("Historic Tax Credits"). The Company has entered into an arrangement with Sherwin-Williams to monetize these Historic Tax Credits to secure approximately $5,100,000 in Historic Tax Credits equity for the Project.

The Company also plans to finance development costs with an anticipated bridge loan of up to $5.0M which would provide temporary financing until such time as Sherwin-Williams has fully funded its Historic Tax Credits investment.

DAP will pay any construction costs to the extent those costs exceed the available proceeds of the construction loan, this offering, and tax credit equity. Any amounts paid by DAP for construction costs will constitute a capital contribution that will increase its capital account with the Company. DAP will be entitled to be repaid this capital contribution (without interest) upon liquidation of the Company or sale or refinancing of the Property, but only after A Unit holders have received their Preferred Return and repayment of their invested capital. In partial consideration of DAP's payment of excess construction costs, any Historic Tax Credit equity attributable to the additional costs will be allocated to DAP. 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, as an alternative to payment of the costs by DAP.

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~~recently planned revitalization efforts occurring in Tacoma's downtown core~~. For example, recent planned revitalization efforts include~~, including:

- 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.

Historic Tax Credits.

As noted above, the planned development of the Property is expected to generate Historic Tax Credits. The Company has entered into an arrangement with Sherwin-Williams to monetize these Historic Tax Credits to secure approximately $5,100,000 in Historic Tax Credits equity for the Project. Sherwin-Williams will make four installments of capital contributions to Master Tenant, which will in turn pay the Company a total of approximately $5,100,000 as prepaid rent under the Lease. This prepaid rent will be used to fund development costs, and will be in addition to the annual base rent under the Lease.

The arrangement with Sherwin-Williams imposes restrictions and obligations upon the Company, Master Tenant, and McMenamins during the five-year period when the Historic Tax Credits are subject to "recapture" under Section 50(a) of the Code.

Sherwin-Williams' capital contributions to Master Tenant will be made in four installments that are conditioned upon the occurrence of certain events outlined in the operating agreement of Master Tenant. Among other items, the conditional events include (a) certification from the Project's architect of certain milestones of completion of the Project, (b) certification from the Project's accountants that certain percentages of the Project's "qualified rehabilitation expenditures" ("QREs") have been spent, (c) completion of the rehabilitation in compliance with provisions of the Code related to Historic Tax Credits, (d) receipt of Part III approval from the National Park Service, (e) a certificate of occupancy, and (f) certification by the McMenamins Manager of the accuracy of an enumerated list of items, including that the Property complies with Section 47 of the Code and is able to claim Historic Tax Credits, that no default, bankruptcy, breach, or environmental issue exists with respect to the Project, and that the amount of QREs is accurately reflected. If the McMenamins Manager cannot certify compliance with the Code and the requirements of the operating agreement of Master Tenant by December 31, 2019, or if Project operations do not otherwise commence by December 31, 2019, Sherwin-Williams may exercise rights to (x) be paid interest at 10% per annum on its capital contributions, (y) a 25% reduction in its

capital contributions, and (z) the return of 95% of its capital contributions (if the Project will qualify for less than 70% of the projected $5,100,000 in Historic Tax Credits). In the event the Historic Tax Credits become subject to "recapture" under the Code, Master Tenant or the McMenamins Manager will be required to distribute to Sherwin-Williams the amount of Historic Tax Credits subject to recapture (plus any IRS underpayment interest).

The operating agreement of Master Tenant also prohibits certain actions without the consent of Sherwin-Williams. These prohibited actions include the sale of Master Tenant, Company, or the Project, making or refinancing of loans related to the Property, constructing new capital improvements once the Property is placed in service under Section 47 of the Code, merging the Company, or making any election under the Code relating to Historic Tax Credits. In addition, the operating agreement of Master Tenant requires the McMenamins Manager to make representations and warranties to Sherwin-Williams with respect to the Property and the Project, including projections of the amount of Historic Tax Credits that will result from the Project and warranties that the Property is in compliance with all environmental regulations.

The Company will be prohibited from taking certain actions under the Lease that would cause the Historic Tax Credits to be subject to recapture, or would otherwise disqualify the Historic Tax Credits. Further, the Company will be required to make certain representations and warranties and covenants to Master Tenant under the Lease.

McMenamins, Inc., Michael McMenamin, and Brian McMenamin will provide joint and several payment and performance guaranties under the Master Tenant operating agreement with Sherwin-Williams to secure the Historic Tax Credits.

Upon the expiration of the recapture period, Sherwin-Williams has the right to cause the McMenamins Manager to purchase its membership interest in Master Tenant for the lesser of $50,000 or the fair market value of the membership interest.

Financing of Development Costs.

Development costs will be funded with the proceeds of this offering**, Historic Tax Credit equity of $5,100,000 in the form of prepaid rent from Master Tenant,** and an anticipated $~~18~~**17.25** 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~~**Development costs will also be funded with an anticipated bridge loan of up to $5.0M which would provide temporary financing until such time as Sherwin-Williams has fully funded its investment. The Company has executed a term sheet for the bridge financing from Craft3. Based on the two term sheets**, the Company expects that the key provisions of the financing ~~facility~~**facilities** will be approximately as listed below. The Company ~~will~~**plans to** enter into ~~a~~ binding ~~agreement~~**agreements** for financing ~~contemporaneously with~~**shortly after** the initial funding of this offering.

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

Lender:	**HomeStreet Bank**
Borrower:	Elks Temple Properties LLC
Loan:	**Commitment amount of $17,250,000 for construction/rehabilitation of an existing historic structure located at 565 Broadway, Tacoma, WA 98402.**
~~Loan~~**Certain Conditions**:	~~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~~**52.0**% 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 **of at least $10,802,988 under this Offering** is required prior to disbursement of loan proceeds. **Closing of the Historic Tax Credit equity from Sherwin-Williams for an amount of at least $5,071,030 and related interim (bridge) financing from Craft 3 is required as a condition to closing of the construction loan. In addition, HomeStreet Bank and Master Tenant shall have entered into a subordination, nondisturbance and attornment agreement with terms acceptable to HomeStreet Bank, and HomeStreet Bank and Craft 3 shall have entered into an intercreditor agreement with terms acceptable to HomeStreet Bank.**
Interest Rate:	30 day LIBOR index plus 325 basis points. Interest rate floor to be set at initial interest rate.
~~Repayment~~**Payment**:	Interest is payable monthly on the 1st day of each month. Interest payments shall be automatically deducted from a HomeStreet Bank ~~Account~~**account. Payments shall be made from the budgeted interest reserve with an offset from net operating income during lease-up (as applicable). The principal loan balance, accrued and unpaid interest, and any other costs and fees are due and payable in full at maturity**.

Term:	36-month construction period.
Prepayment Penalty:	No prepayment penalty during construction phase.
Maturity:	36 months from funding date. **Conversion to a permanent loan is required within 90 days of receipt of the Certificate of Occupancy.**
Fees:	.~~75~~**85**% loan origination fee plus all closing ~~costs.~~ **and monitoring costs. If the loan fails to close for any reason whatsoever, the Borrower shall pay HomeStreet Bank a Commitment Termination Fee in the amount of $25,000.** 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.
Guarantors:	**The following will provide joint and several, unlimited completion, payment and performance guaranties, as well as guaranty full repayment of interest through the term of the loan: McMenamins, Inc., Michael McMenamin, and Brian McMenamin.**

Key provisions of the construction loan term sheet if converted to a permanent loan are listed below.

Lender:	**HomeStreet Bank**
Borrower:	**Elks Temple Properties LLC**
Loan:	**Commitment amount of $17,250,000 owner-occupied commercial real estate loan.**
Certain Conditions:	**Final loan will be subject to balance of construction loan and a maximum 70.4% Loan to Value.** **Conversion of the construction loan is required within 90 days of receipt of the Certificate of Occupancy.**
Interest Rate:	**The interest rate shall be set when the construction funds are transitioned into a fixed rate term loan.** • **The loan will have two five-year fixed rate periods.** • **The five-year fixed rate will be based on the five-year LIBOR Index plus a 2.50% spread followed by another five-year fixed rate based on the then current five-year LIBOR Index plus a**

	2.50% spread. • The initial interest rate becomes the floor rate for the loan.
Payment:	Interest is payable monthly on the 1st day of each month. Interest payments shall be automatically deducted from a HomeStreet Bank account.
Term:	10 years.
Amortization:	25 years.
Prepayment Penalty:	Each five-year fixed period will have a four-year descending prepayment penalty based on the following structure: • Prepayment in Year 1: Fee equals 4% of the outstanding balance. • Prepayment in Year 2: Fee equals 3% of the outstanding balance. • Prepayment in Year 3: Fee equals 2% of the outstanding balance. • Prepayment in Year 4: Fee equals 1% of the outstanding balance. • Prepayment in Year 5: Fee equals 0% of the outstanding balance.
Fees:	.25% of loan amount converted from construction loan into permanent loan
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.
Guarantors:	The following will provide joint and several, unlimited completion, payment and performance guaranties, as well as guaranty full repayment of interest through the term of the loan: McMenamins, Inc., Michael McMenamin, and Brian McMenamin.

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

Lender:	Craft3

Borrower:	**Elks Temple Properties LLC**
Loan:	**Commitment amount estimated at $4,800,000 million. Not to exceed $5,000,000. Final loan amount will be based on Historic Tax Credits equity.** **Disbursement of loan proceeds will occur only after the conditions for funding of the construction loan are satisfied (other than those relating to the bridge loan). Proceeds from the bridge loan are to be applied to construction costs before funds are received under the construction loan.**
Interest Rate:	**WSJ Prime plus 350 basis points adjusted quarterly with a floor of 7.25%.**
Repayment:	**Interest is payable monthly to be paid from an interest reserve. Principal reductions per the schedule outlined in the Historic Tax Credits sale agreement with Sherwin-Williams. Any remaining principal balance is due at maturity. Any payments from Sherwin-Williams prior to or concurrent with the construction loan with HomeStreet Bank will not be required to be applied to the principal balance.**
Term:	**24 months.**
Prepayment Penalty:	**No prepayment penalty if principal is retired through receipt of funds from sale of Historic Tax Credits. Otherwise, 2% in year 1 and 1% in year two.**
Maturity:	**24 months from funding date.**
Fees:	**Closing costs estimated at $8,000. Loan fee is 1.5% totaling $72,000.**

McMenamins.

The success of the Company will depend ~~upon~~**on** utilizing McMenamins' experience and past success in developing the Property and ~~Brewpubs'~~**Master Tenant's** 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~~**34** 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~~**9**% annual **revenue** 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~~**McMenamin's Brew Pubs, Inc.** 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~~**McMenamin's Brew Pubs, Inc.** is currently paying all property taxes, utilities, and property insurance for the Property.

The Company and ~~Brewpubs~~**McMenamin's Brew Pubs, Inc.** will ~~replace~~**terminate** the Existing Lease**. The Company will replace it** with a new lease (the "Lease") to ~~Brewpubs~~**Master Tenant** before development of the Property begins. The Lease will replace the Existing Lease and entitle ~~Brewpubs~~**Master Tenant** 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.~~ **lodging, retail space, dining areas, bar facilities, a brewery, and event space. The Lease is intended to comply with requirements of Historic Tax Credits under the Code so that such Historic Tax Credits are passed through to Master Tenant.**

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~~**Master Tenant. The Company must complete the development and rehabilitation of the Property in accordance with (i) all applicable requirements of any documents relating to the Property by which the Company is bound, including the Lease, the Company's Operating Agreement, the operating agreement of Master Tenant, loan documents, and plans and specifications provided by the Project's**

architect; (ii) all applicable laws; and (iii) certifications, applications, and approvals of the Property that are necessary for compliance with Historic Tax Credits under the Code. The development will be deemed to be completed upon the issuance of a certificate of occupancy permitting actual occupancy of Master Tenant. The Company must complete the development and rehabilitation of the Property on or before December 31, 2019.

Master Tenant plans to sublease a portion of the Property to McMenamin's Brew Pubs, Inc. to operate a brewery. The sublease is intended to address Washington liquor license ~~requirement purposes.~~ **requirements.** 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~~**is placed in service for purposes of Historic Tax Credits**.

The initial Lease term will be ~~20~~**32** years from the commencement date of the Lease, with ~~two 10~~**one 8**-year renewal ~~options.~~ **option.** If ~~Brewpubs~~**Master Tenant** desires to exercise the option to renew the Lease, ~~Brewpubs~~**Master Tenant** must do so at least 365 days before the end of the current term of the Lease.

The Lease will provide for prepaid rent in the approximate amount of $5,100,000, which will be payable to the Company in four installments from Master Tenant. Prepaid rent will be used to fund development costs, and is in addition to the annual base rent due under the Lease. The prepaid rent installments will be paid after Sherwin-Williams contributes capital to Master Tenant in accordance with a schedule that is conditioned upon Master Tenant's compliance with requirements of Historic Tax Credits under the Code, among other conditions set forth in the operating agreement of Master Tenant.

Annual base rent for the first year of the Lease term will be ~~7.5% of total Project costs under the Lease~~**approximately $2,156,250.00** 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~~**The annual rent amount corresponds to 7.5% of construction costs that will be funded by the construction loan ($17,250,000), the projected proceeds of this offering ($11,000,000), and the purchase of A Units by DAP ($500,000) , and will be adjusted when actual proceeds are known. During the initial ten years** of the Lease, base rent will increase 2% annually. ~~However, for~~**For** year 11 **and year 21** 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~~**until year 21 or** the ~~duration~~**end** of the initial Lease term**, respectively**. 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.~~ **last month of the initial term. Any increase in annual rental during the renewal term will be** at a rate agreed to by the Company and **Master Tenant.** The fair market rental value of the Property ~~for the first year of any renewal term~~ will be ~~a value~~**as** mutually agreed upon by the Company and ~~Brewpubs~~**Master Tenant** or determined by ~~one or more independent appraisers~~**arbitration** if the parties cannot agree~~ and will increase annually at a rate agreed to by the Company and Brewpubs. ~~**.** If ~~Brewpubs~~**Master Tenant** does not pay rent or other payments to the Company within ~~10~~**15** days after it is due, the Company ~~can~~**may** charge interest **on unpaid amounts** 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~~**10% per annum**.

The Lease includes certain representations and warranties and covenants of the Company as part of the arrangement for Historic Tax Credits equity with Sherwin-Williams. The Company must represent and warrant to Master Tenant that (a) the Company has delivered all material documents in its possession with respect to the Property; (b) the Property is not subject to any pending or threatened condemnation; (c) the Property is not subject to restrictions that would contravene the Lease; (d) upon completion of the Company's complete development of the Property, the Property will not be in violation of any law or governmental requirement; (e) the Company has been issued all permits and authorizations necessary to conduct its business on the Property; (f) the Company has not received notice of any pending proceedings to change or re-zone the Property; (g) no assessments have been made against the Property and the Property is free of liens; (h) the execution of the Lease does not violate any laws, requirements, or agreements binding upon the Company or its members or managers; (i) there is no delinquent tax or threatened tax with respect to the Property; (j) the Company has been issued all permits and authorizations necessary to conduct the rehabilitation of the Property in accordance with its plans and specifications and the Historic Tax Credits; (k) the cost to complete the development of the Property is reasonable and based on arm's length transactions; (l) the Property is properly zoned; (m) all appropriate public utilities are available to the Property; (n) no litigation or proceeding is pending or threatened which would adversely affect the Property, the Company, or Lease; (o) no material default has occurred with any mortgages or loan documents to which the Company is subject; (p) the Company owns the Property free and clear of any liens and encumbrances other than the construction loan; (q) the Property is not in violation of any federal, state, local or foreign law, statute, executive order, licensing requirement, permit requirement, rule, regulation, judicial and/or administrative decision, and no hazardous condition exists on the Property; (r) no portion of the Property is currently treated as "tax-exempt use property" as defined in Section 168(h) of the Code; (s) the Property qualifies as a "certified historic structure" and the development of the Property constitutes a "certified rehabilitation" under Section 47 of the Code; (t) the QREs with respect to the Project will not be less than $30,883,224 and the Historic Tax Credits with respect to the Project will not be less than $6,176,645; (u) the Company has taken all actions necessary in order to timely obtain approval from the National Park Service that the completed rehabilitation of the Property is a "certified rehabilitation" of a "certified historic structure" under Section 47 of the Code; (v) the Company has executed a pass-through agreement to make a valid election under Section 50(d) of the Code and has not undertaken any actions (or omissions where action would be required) which would prevent the Company from making a valid election to pass through the Historic Tax Credit to Master Tenant; (w) the Company shall be responsible for all costs associated with obtaining the National Park Service approval and the Historic Tax Credits; and (x) the Company will use all reasonable efforts to use Sherwin-Williams' products throughout the course of the development of the Property, including, but not limited to, paints, stains, caulks and sealants.

In the event the Company wishes to obtain additional loan financing of the Property, the Company must provide loan documentation to Sherwin-Williams for its review and each lender providing such financing must enter into a subordination, nondisturbance, and attornment agreement with Master Tenant in a form reasonably satisfactory to Sherwin-Williams.

If the Company fails to make any debt-related payment of a loan connected to the Property, including payments of principal or interest under the construction loan, Master Tenant has the right, but not the obligation, to make such payment on behalf of the Company. If Master Tenant makes a debt-related payment on behalf of Company, Company must reimburse Master Tenant for all costs incurred and Master Tenant will have the right to offset its rent owed to the Company in the amount of the payment together with interest of 1% plus the prime commercial rate of interest.

~~Brewpubs~~**Master Tenant**, 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~~**Master Tenant** must complete all repairs and maintenance ~~to~~**desirable, necessary, or customary for the first class operation of** the Property ~~required~~ during the term of the Lease. Other than completion of the initial development of the Project, the Company has no obligation **under the Lease** to repair, alter, or improve the Property during the Lease term.

In addition to **the prepaid rent and** base rent, ~~Brewpubs~~**Master Tenant** 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~~**imposed during the** Lease term, and must pay all utility charges incurred during the Lease term.

As noted above, ~~Brewpubs~~**DAP** 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.~~**Historic Tax Credits equity raised. Any amounts paid by DAP for construction costs will constitute a capital contribution that will increase its capital account with the Company. DAP will be entitled to be repaid this capital contribution (without interest) upon liquidation of the Company or sale or refinancing of the Property, but only after A Unit holders have received their Preferred Return and repayment of their invested capital. In partial consideration of DAP's payment of excess construction costs, any Historic Tax Credit equity attributable to the additional costs will be allocated to DAP. 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, as an alternative to payment of the costs by DAP. Master Tenant must maintain policies of insurance for the Property, including, without limitation, casualty and rental interruption insurance for the Property, with terms and coverages and companies reasonably satisfactory to the Company. 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~~**Master Tenant** can still use a portion of the Property while the repairs are being completed (unless ~~Brewpubs~~**Master Tenant** 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,~~**(a) the Company can elect to terminate the Lease rather than repair the damage if** the damage occurs during the last two years of the **Lease term and** the Company reasonably estimates that restoration of the Property will take longer than six months, or (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.~~ **In the event the Company elects to terminate the Lease, the Company must reimburse Master Tenant within 30 days after written demand from Master Tenant the amount of any Historic Tax Credits recaptured from Master Tenant based solely on the termination of the Lease.** If the Lease is terminated by ~~either party~~**the Company** following damage or destruction, ~~the Company~~**an equitable adjustment** must ~~refund~~**be made of** any prepaid **and base** 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~~**paid to the Company**.

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. **Any condemnation award will be apportioned between the Company and Master Tenant based on each party's percentage interest in the Property calculated at the time of the condemnation, which will be computed based on the value remaining in the Lease term. If there is a condemnation of a substantial portion of the Property, Master Tenant has the option to terminate the Lease.** 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~~**Master Tenant** 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~~**During the period beginning on the commencement date of the Lease until the Historic Tax Credits attributable to the Property are no longer subject to recapture under the Code (projected to be five years), the Company is prohibited from transferring all or any portion of its interest in the Property without the prior written consent of Master Tenant and Sherwin-Williams. Master Tenant** 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.

The Company will indemnify Master Tenant against any loss incurred by Master Tenant that results from the following: (a) any gross negligence, misfeasance, and/or malfeasance on the part of the Company, its employees, agents, or contractors in connection with such activities on the Property; and (b) any hazardous substances on the Property.

~~Brewpubs~~**Master Tenant** will be in default under the Lease if (a) it fails to pay rent or any other amount within ~~10~~**15** days after written notice to ~~Brewpubs~~**Master Tenant** 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~~ **and does not cure the abandonment within 15 days after written notice from the Company, (c**) it fails **in any material respect** 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 **the** Company of the failure to comply~~, or (e) an insolvency event occurs (e.g., dissolution of Brewpubs, Brewpubs~~ **(unless the failure cannot with due diligence be cured within 30 days, then 90 days), or (d) a bankruptcy event occurs (e.g., insolvency of Master Tenant as finally determined by a court proceeding, Master Tenant** files a voluntary bankruptcy case, or a receiver is appointed for any of ~~Brewpubs'~~**Master Tenant's** property).

~~Upon default by Brewpubs~~**During the period beginning on the commencement date of the Lease until the Historic Tax Credits attributable to the Property are no longer subject to recapture under the Code (projected to be five years), the Company is prohibited from (i) terminating the Lease or Master Tenant's right to possession of the Project; or (ii) accelerating rents (regardless of whether acceleration is allowed under the Lease or at law or in equity). Following the recapture period in the preceding sentence, upon default by Master Tenant**, 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~~**unpaid** 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~~**10**% 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~~**Master Tenant** fails to fulfill and charge ~~Brewpubs~~**Master Tenant** the cost of such work, plus interest.

At the expiration or termination of the Lease, ~~Brewpubs~~**Master Tenant** must surrender the Property in good condition and with all required repairs and maintenance completed. ~~Brewpubs~~**Master Tenant** must take its furnishings and furniture out of the Property before the Lease expires or terminates. If ~~Brewpubs~~**Master Tenant** does not timely vacate the Property, the Company can eject ~~Brewpubs~~**Master Tenant** from the Property and recover the damages caused by the wrongful holdover, or elect to treat ~~Brewpubs~~**Master Tenant** 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~~ **Master Tenant** 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'~~**Master Tenant's** 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~~**dispute** between ~~Brewpubs~~**Master Tenant** and the Company under or related to the Lease, the prevailing party will be entitled to attorneys' fees **as may be awarded by the court**.

If ~~Brewpubs'~~**Master Tenant's** performance under the Lease is prevented or hindered by "acts of God" or similar reasons outside the control of ~~Brewpubs, Brewpubs'~~**Master Tenant, Master Tenant's** 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~~**Master Tenant** excuse ~~them~~**it** 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~~Management.

~~The Manager~~**DAP** 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~~**DAP** 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~~**DAP** will also be a Member of the Company. ~~The Manager~~**DAP** will receive 50 B Units as the project developer and Manager. ~~The Manager~~**DAP** will also purchase 20 A Units for $500,000. **DAP may invest additional amounts in the Company in exchange for A Units at a price of $25,000 per A Unit.**

The McMenamins Manager will be compensated by Master Tenant with a management fee based on gross income from the operation of the Property, plus certain incentive fees.

Related Party Transactions.

~~The Manager~~**DAP** will receive ~~a management fee for operation of the Company and reserves the right to receive a development fee for development of the Property,~~**an Administration Fee for administering and managing the Company** 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~~**Compensation amounts** are set forth above under the heading "Compensation, Fees, and Reimbursements to ~~the Manager."~~ **Management."** In addition, the Company will lease the Property to ~~Brewpubs~~**Master Tenant**, which will operate the Project once the Project is completed. ~~Brewpubs~~**The McMenamins Manager will manage Master Tenant and will be compensated with a management fee. The McMenamins Manager** is owned and operated by some of the same individuals who own and operate DAP. **Mike McMenamin is a member of DAP and also owns an indirect, substantial equity interest in the McMenamins Manager and a direct, substantial equity interest in McMenamins. McMenamins, Inc. is also expected to be a member of DAP. McMenamin's Brew Pubs, Inc. will manage the McMenamins Manager.** 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, **unidentified chemical barrels,** lead-based paint, **mold, mildew, an existing underground oil line,** 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~~**tank** to the Company. In response, the Company decommissioned the ~~UST~~**tank** and received a "No Further Action" letter dated June 26, 2013, from TPCHD.

As part of a scope of work of limited abatement and demolition, asbestos removal and temporary measures to seal lead paint were performed, unidentified chemical containers were located and documented, and extensive planning in coordination with environmental consultants was done to plan for abandoning the existing oil line. MedTox NW and Landau Associates are both professional consultants that have been hired by the Company to survey, record, and create work plans for these environmental issues listed above. 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.

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~~**DAP** 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~~**DAP. DAP** will provide or procure all services needed for these activities.

~~The Manager~~**DAP** 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~~**previously** 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. **Recently, both parties agreed it was in Tacoma's interest to seek interest from other developers for Old City Hall; however the property currently remains available for development.**

~~If~~ McMenamins~~' lease terms are accepted, it will move forward with~~ **remains interested in** 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, **and** thereby ~~improving~~**improve** the performance of both projects~~ and return to the Company's investors. The~~**. Should McMenamins negotiate a lease with the City of Tacoma in the future, and move**

forward with development of Old City Hall, 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,~~**11,000,000,** or ~~400,~~**440,** of its A Units to investors~~ and to DAP. ~~**.** The Company will not accept payment from investors until the Company receives** and accepts** $7,500,000 in subscriptions from outside investors. **Acceptance of subscriptions is in the Company's sole discretion.**

DAP, controlled by Mike McMenamin, will invest $500,000 to purchase 20 A Units. **DAP may invest additional amounts in the Company in exchange for A Units at a price of $25,000 per A Unit.** 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~~**DAP**, and ~~Brewpubs~~**Master Tenant**.

Income Producing Events	Company Income	DAP Income	~~Brewpubs~~**Master Tenant** Income
~~Potential one-time developer fee equal to 1% of development costs~~		~~100%~~	
Annual ~~management fee~~**Administration Fee** equal to 0.5% of aggregate capital commitments by investors		100%	
Lease to ~~Brewpubs~~**Master Tenant**	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~~**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~~**9.0**% and ~~10.4~~**9.9**%. 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.~~ **33,850,000.** These costs include: (i) the purchase costs of the property, $1.24 million; (ii) projected development costs, $~~26.37~~**28.88** million; (iii) ~~the management fee and potential development fee, $0.27 million; and (iv) offering expenses, $0.12~~**architectural, permits, and fees, $1.70 million; (iv) capitalized construction interest, $0.65 million; (v) soft cost contingency, $0.30 million; and (vi) offering and financing expenses, $1.08** million.

Equity and debt capital**, plus the prepaid rent,** will cover the projected project costs of $~~28,000,000.~~ **33,850,000.** Outside investors in this offering ~~will~~**are projected to** contribute an aggregate equity investment of $~~9,500,000,~~**11,000,000,** and DAP has agreed to purchase 20 A Units for $500,000. The $~~18,000,000~~**17,250,000** construction loan ~~will~~**and approximately $5,100,000 of prepaid rent are expected to** provide capital to cover the difference between the equity investments and Project costs.

~~Under the Lease, Brewpubs~~**DAP** 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.~~ **the prepaid rent. Any amounts paid by DAP for construction costs will increase its capital account with the Company.** 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 McMenamin is a member and the manager of DAP, which serves as the ~~Manager~~**manager** of the Company**. McMenamins, Inc. is expected to become a member of DAP**. DAP is responsible for providing all management personnel for the Project.** DAP may add additional members without the consent of the Company.**

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

Mike McMenamin: Mike has over 30 years of experience developing similar projects. He is a co-founder of McMenamins and is currently serving as its President and Chief Executive Officer. Mike has overseen McMenamins' development for its entire history. Under Mike's leadership, McMenamins 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 McMenamin: Brian has over 20 years of experience working in property development and developing similar projects. He is currently McMenamins 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 McMenamins for ~~26~~**almost 30** 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 McMenamins' 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 McMenamins for ~~26~~**almost 30** 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 McMenamins' food and beverage operations during his lengthy tenure. He is currently Chief of Pub Operations.

Dan McMenamin: Dan has over ~~24~~**25** years of experience at McMenamins 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

McMenamins 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.

Name	Age	Position
Mike McMenamin	~~64~~**66**	President and Chief Executive Officer of McMenamins, Inc.; Manager of DAP; 40-year career in business and hospitality
Brian McMenamin	~~58~~**59**	Vice President and Secretary of McMenamins, Inc.; 34-year career in business and hospitality
Chris Longinetti	~~45~~**47**	Chief Financial Officer of McMenamins, Inc.
DJ Simcoe	~~52~~**54**	Chief of Hotel and Pub Operations
Rich Smith	~~48~~**50**	Chief of Pub Operations
Dan McMenamin	~~38~~**40**	Food and Beverage Director
Shannon McMenamin	~~36~~**38**	General Manager of Lodging, Spa, and Gift Shop Operations
Sean McMenamin	~~32~~**34**	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~~**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**, Class A Members and the Class B Member,** 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.

Class A Members are those holding Class A Preferred Membership Units ("A Units"). A Units will receive an 8% per annum, noncompounded, preferred return on invested capital before any distributions are made to Class B Nonvoting Units ("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%**

DAP is the sole Class B Member. As a Class B Member, DAP does not have voting rights with respect to the B Units it holds.

Further Capital Contributions by the Members.

~~The~~**Class A** Members will not be required to make any further capital contributions to the Company. Nevertheless, ~~the Manager~~**DAP** 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.

DAP is required to pay any construction costs to the extent those costs exceed the available proceeds of the construction loan, this offering, and tax credit equity. Any amounts paid by DAP for construction costs will constitute a capital contribution that will increase its capital account associated with the B Units it holds. DAP will be entitled to be repaid this capital contribution (without interest) upon liquidation of the Company or sale or refinancing of the Property, after A Unit holders have received their Preferred Return and repayment of their invested capital, but before remaining proceeds are distributed 33% to A Unit holders and 67% to B unit holders. Accordingly, the total return to A Unit holders will be reduced in part by construction cost overruns. The price to be paid for A Units under the put and call options described below will similarly be affected by construction cost overruns, since that price depends in part on total return that would be received were the Company liquidated.

In partial consideration of DAP's payment of excess construction costs, any increase in Historic Tax Credit equity attributable to the additional costs will be allocated to DAP. 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, as an alternative to payment of the costs by DAP.

Authority of ~~the Manager~~DAP.

~~The Manager~~**DAP** 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~~**Master Tenant** under the Lease. ~~The Manager~~**DAP** 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~~DAP.

~~The Manager~~**DAP, as the manager** of the Company**,** has fiduciary obligations to the Company and its Members. ~~The Manager~~**DAP** 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~~**DAP** 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~~**DAP** 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~~**DAP** has no duty to act exclusively on behalf of the Company. ~~The Manager~~**DAP** 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~~**its Members have** any right, by virtue of the Operating Agreement, to share or participate in any other investments or activities of ~~the Manager~~**DAP** or any Member.

Indemnification of ~~the Manager~~DAP.

The Operating Agreement provides that ~~the Manager~~DAP 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~~DAP 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.~~ DAP. The Operating Agreement also provides that ~~the Manager~~DAP will be indemnified out of Company assets against any loss, liability, or expense arising out of any act or omission by ~~the Manager~~DAP except to the extent that the claim for which indemnification is sought results from an act or omission for which ~~the Manager~~DAP may be held liable to the Company or a Member.

Prohibited or Required Actions.

The Operating Agreement includes certain requirements and prohibited actions of DAP as part of the arrangement for Historic Tax Credits equity with Sherwin-Williams. Among other obligations, DAP must (a) cause the Company to comply with all of the terms and conditions of the Lease; (b) take all actions necessary or appropriate to prevent any portion of the Property from being treated as "tax exempt use property" under the Code; (c) comply with the requirements of Section 47 of the Code; (d) cause the Company to take all actions necessary in order to timely obtain the final certification of completed work by the Secretary of the Interior or his agent; (e) cause the Company to execute a pass-through agreement with Master Tenant with respect to the Historic Tax Credits; (f) cause the Company to pay all costs associated with filing for the Historic Tax Credits designation and determining the qualified rehabilitation expenditures, as defined in Section 47(c) of the Code; (g) cause the Company to not make or to avoid certain other tax elections with respect to Historic Tax Credits, including Sections 6221(a), 6221(b), 6225, and 6226(a); (h) cause the Company to use all reasonable efforts to use Sherwin-Williams' products throughout the course of the rehabilitation and ongoing maintenance of the Project, including, but not limited to, paints, stains, caulks and sealants; and (i) cause the Company to promote the use of Sherwin-Williams' products to Master Tenant.

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~~DAP.

~~The Manager~~**DAP, as the manager** of the Company**,** will receive ~~a management fee~~**an Administration 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~~**Management**" 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. ~~**DAP.** 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~~**DAP**, will not be deemed wrongful or improper. ~~ The Manager~~**DAP** will not be obligated to present any particular opportunity to the Company or the Members and any affiliate of ~~the Manager~~**DAP** 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~~**DAP** 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. **Any amendment that would reduce a Member's capital contribution, extend the date for payment of the capital contribution, or adversely affect the interests of HomeStreet Bank, may be made only with the consent of HomeStreet Bank.**

Restrictions on Assignments of A Units.

~~Except as provided in the Operating Agreement~~**While Sherwin-Williams remains an owner of Master Tenant (anticipated to be approximately five years from commencement of operations), no voluntary lifetime transfers of Units will be permitted (other than transfers to revocable trusts for estate planning purposes), in order to comply with Historic Tax Credit rules. Thereafter**, 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 **except as provided in the Operating Agreement**. A transfer of a Company interest by a Member is permissible**, after Sherwin-Williams is no longer an owner of Master Tenant,** if made (a) with the prior written consent of ~~the Manager~~**DAP**, (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 transferee of a membership interest may not become a substitute member without the prior written consent of DAP.**

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

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~~**a perpetual** 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 **each year for a 60-day period** 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 **by an unsecured promissory note** over five years with interest **and no down payment**. 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~~**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 **to consist only of capital contributions by DAP to cover cost overruns**) and all remaining net proceeds will be split 33% to A Units and 67% to B Units.

Books and Reports.

~~The Manager~~**DAP** 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.~~ **DAP.** 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~~**DAP, Master Tenant, the McMenamins** 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~~**Master Tenant** will operate the Project. The Company, its Manager, ~~Brewpubs~~**Master Tenant, the McMenamins Manager,** and McMenamins will utilize some of the same key individuals. The time devoted by these individuals to **DAP, Master Tenant,** the **McMenamins** 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~~**DAP** devote a minimum amount of time to provide services to the Company. ~~The Manager~~**DAP** 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~~**DAP** 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~~**DAP**" and as further set forth in the Operating Agreement, even if the Company is not profitable. Although ~~the Manager~~**DAP** has a fiduciary duty to the Members of the Company, the ~~management fee~~**Administration Fee and any other amounts paid to DAP** may create conflicts of interest in how ~~the Manager~~**DAP** deals with Members. Furthermore, ~~the Manager~~**DAP** will also be a Member of the Company, and will own both A Units and B Units. ~~The Manager~~**DAP**'s dual role as both a manager and a member of the Company could create a conflict of interest.

In addition, the Company will lease the Property to Master Tenant, which will operate the Project once the Project is completed. The McMenamins Manager will manage Master Tenant, will operate the Project on its behalf, and will be compensated with a management fee based on gross income from the operation of the Property, plus certain incentive fees.

Mike McMenamin is a member of ~~the Manager~~**DAP** and also owns an indirect, substantial equity interest in ~~Brewpubs~~**Master Tenant** and a direct, substantial equity interest in McMenamins. ~~Mike~~**McMenamins, Inc. will be admitted as a member of DAP. DAP may add additional members without the consent of the Company. The McMenamins Manager is owned and operated by some of the same individuals who own and operate DAP. McMenamin's Brew Pubs, Inc. will manage the McMenamins Manager. Mike McMenamin**'s involvement in the Company and the Project is likely to provide substantial value to both. However, the Company is dependent on **DAP, Master Tenant,** the **McMenamins** Manager, ~~Brewpubs~~ and McMenamins and the interconnected relationships of the parties could create conflicts of interest in relation to decisions ~~the Manager~~**DAP** makes with respect to the Company. In addition, once the Project is completed, the Company will lease the Property to ~~Brewpubs~~**Master Tenant**, which is owned and operated by the same individuals who own and operate Manager.

The City of Tacoma ~~recently~~**previously** 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~~**Recently, both parties agreed it was in Tacoma's**

interest to seek interest from other developers for Old City Hall; however the property currently remains available for development. If McMenamins negotiates a lease with the City of Tacoma in the future, and moves forward with development of Old City Hall, 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~~**on** 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."

Effect of Prepaid Rent

As described above, Master Tenant will make prepaid rent payments totaling approximately $5,100,000, which represents the net proceeds from the monetization of the Historic Tax Credits. The prepaid rent (as well and the annual base rent) is taxable income to the Company and, as described above, each Member will be taxed on the Member's allocable share of all Company taxable income. The Company expects that Section 467 of the Code will apply to the payment of the prepaid rent, which will have the effect of spreading the Company's taxable income from the prepaid rent over the term of the lease.

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~~**the Member's** 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~~**the Member's** 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~~**Master Tenant**'s projected ~~financial results~~**revenue and expense** 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)	26,547,448	
Construction Contingency	2,051,663	
Low Voltage Cabling	180,059	
Architect/Engineering Fees	1,553,058	
Professional Fees/ Legal Fees/ Other	700,000	
Environmental Fees	95,792	
Financing Costs	381,000	
Permits/SDC/Infrastructure Fees	150,000	
Contingency	300,553	
Construction Interest	650,000	
Total Estimated Project Cost	**33,850,000**	
Capital Structure		Pro Rata Share
DAP LLC Class A Unit Equity Capital Contributions	$ 500,000	4.3%
Investor Member Class A Unit Equity Capital Contributions	11,000,000	95.7%
HTC Investment	5,100,000	
Senior Debt Financing (Construction to Permanent)	17,250,000	
Total	**33,850,000**	
Rate of Return to Establish Rent	7.5%	
Annual Rental Income to LLC (Total Estimated Project Cost x Rate of Return)	$ 2,156,250	
Monthly Rent to LLC (Year 1)	179,688	
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	5.25%	
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	9.0%	
Projected Investor Member Class A Unit IRR - 105% Call	9.9%	

ELKS TEMPLE PROPERTIES LLC CASH FLOW PROJECTIONS

ELKS TEMPLE PROPERTIES LLC

ELKS TEMPLE PROPERTIES LLC CASH FLOW PROJECTIONS

		January 2019 Opening / Loan Amortization Commences April 2019							December 2026 Hypothetical PUT or CALL	
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Totals**
Master Tenant Lease Payments	-	2,156,250	2,199,375	2,243,363	2,288,230	2,333,994	2,380,674	2,428,288	2,476,853	18,507,027
Interest Expense (Construction & Permanent Loan)	-	(900,546)	(885,250)	(863,357)	(842,856)	(821,252)	(800,698)	(774,497)	(749,217)	(6,637,673)
Interest Expense (HTC Bridge Loan)	-	(90,339)	-	-	-	-	-	-	-	
Principal Payments (Construction & Permanent Loan)	-	(255,553)	(356,737)	(375,923)	(396,141)	(417,446)	(439,897)	(463,556)	(488,487)	(3,193,740)
Other	-	-	-	-	-	-	-	-	-	-
Net Cash Available for Distribution	**-**	**909,812**	**957,388**	**1,004,083**	**1,049,233**	**1,095,296**	**1,140,079**	**1,190,235**	**1,239,150**	**8,585,275**
Preferred Return on Capital Contributions (Class A Units) - Investor Member	-	(817,646)	(863,154)	(907,818)	(951,005)	(995,066)	(1,037,901)	(1,085,877)	(1,114,849)	(7,773,317)
Preferred Return on Capital Contributions (Class A Units) - DAP	-	(37,166)	(39,234)	(41,264)	(43,228)	(45,230)	(47,177)	(49,358)	(50,675)	(353,333)
Asset Management Fee - DAP	-	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(440,000)
Investor Member Class A Units Post Preferred Return Distribution - 33% Pro Rata Share	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-	(5,939)	(5,939)
DAP LLC Class A Units Post Preferred Return Distribution - 33% Pro Rata Share	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-	(270)	(270)
DAP LLC Class B Unit Distribution - 67%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-	(12,417)	(12,417)
Total Cash Distributed	**(0)**	**(909,812)**	**(957,388)**	**(1,004,083)**	**(1,049,233)**	**(1,095,296)**	**(1,140,079)**	**(1,190,235)**	**(1,239,150)**	**(8,585,275)**
Preferred Return Balance - Investor Member Class A Units										
Calculated Accrued Preferred Return	(728,496)	(880,000)	(882,411)	(880,000)	(880,000)	(880,000)	(882,411)	(880,000)	(880,000)	
Remaining Preferred Return Balance from Previous Year	-	(728,496)	(790,849)	(810,106)	(782,288)	(711,283)	(596,217)	(440,726)	(234,849)	
Total	(728,496)	(1,608,495)	(1,673,260)	(1,690,106)	(1,662,288)	(1,591,283)	(1,478,628)	(1,320,726)	(1,114,849)	
Annual Preferred Return Contributed in Cash	-	817,646	863,154	907,818	951,005	995,066	1,037,901	1,085,877	1,114,849	
Remaining Preferred Return to be Distributed	(728,496)	(790,849)	(810,106)	(782,288)	(711,283)	(596,217)	(440,726)	(234,849)	(0)	
Preferred Return Balance - DAP Member Class A Units										
Calculated Accrued Preferred Return	(33,113)	(40,000)	(40,110)	(40,000)	(40,000)	(40,000)	(40,110)	(40,000)	(40,000)	
Remaining Preferred Return Balance from Previous Year	-	(33,113)	(35,948)	(36,823)	(35,559)	(32,331)	(27,101)	(20,033)	(10,675)	
Total	(33,113)	(73,113)	(76,057)	(76,823)	(75,559)	(72,331)	(67,210)	(60,033)	(50,675)	
Annual Preferred Return Contributed in Cash	-	37,166	39,234	41,264	43,228	45,230	47,177	49,358	50,675	
Remaining Preferred Return to be Distributed	(33,113)	(35,948)	(36,823)	(35,559)	(32,331)	(27,101)	(20,033)	(10,675)	0	
Total Preferred Return	-	854,812	902,388	949,083	994,233	1,040,296	1,085,079	1,135,235	1,165,524	

69 Workshare 9 comparison of netdocuments://4815-5807-7500/14 and netdocuments://4815-5807-7500/24. Performed on 8/31/2017.

ELKS TEMPLE PROPERTIES LLC LIQUIDATION

ELKS TEMPLE PROPERTIES LLC LIQUIDATION		
Elks Temple Properties LLC		
Hypothetical Liquidation Example		
	Year 9	Year 9
Hypothetical Put/Call - December 2026	Put @ **95%**	Call @ **105%**
Hypothetical Cash Waterfall Liquidation Analysis		
Hypothetical Fair Market Value	31,959,400	31,959,400
Loan Balance	(13,809,649)	(13,809,649)
Net Available to Distribute	18,149,751	18,149,751
Investor Member Class A Unit Equity Capital Returned	(11,000,000)	(11,000,000)
DAP LLC Class A Unit Equity Capital Returned	(500,000)	(500,000)
Balance to Distribute	6,649,751	6,649,751
Investor Member Class A Units Distributions - 33% at Pro Rata Share	(2,120,211)	(2,120,211)
DAP LLC Class A Units Distribution - 33% at Pro Rata Share	(96,373)	(96,373)
DAP LLC Class B Units Distribution - 67%	(4,433,167)	(4,433,167)
Balance	-	-
Cash Distributed to Investor Member Class A Units at Liquidation		
Return of Equity Capital Invested	11,000,000	11,000,000
Share of Available Cash at Hypothetical Liquidation	2,120,211	2,120,211
Total Cash Distributable to Investor Member Class A Units on Liquidation	13,120,210	13,120,210
Option Purchase Price for Investor Member Class A Units	**12,464,200**	**13,776,221**

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

YEARLY INCOME STATEMENT PROJECTIONS
ELKS TEMPLE PROPERTIES

Elks Lodge Master Tenant, LLC
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	%
Available Rooms	16,060		16,060		16,060		16,060		16,060	
Occupied Rooms	10,439		11,242		12,045		12,848		12,848	
Occupancy %	65.0%		70.0%		75.0%		80.0%		80.0%	
Average Daily Rate	$ 161.52		$ 166.37		$ 169.70		$ 173.09		$ 176.55	
RevPAR	$ 104.99		$ 116.46		$ 127.27		$ 138.47		$ 141.24	
Rooms Revenue	$ 1,638,020	13.0%	$ 1,870,314	14.3%	$ 2,043,986	15.1%	$ 2,223,856	15.9%	$ 2,268,334	15.9%
Food & Beverage, Other Departments	$ 10,922,470	87.0%	$ 11,200,584	85.7%	$ 11,536,602	84.9%	$ 11,767,334	84.1%	$ 12,002,681	84.1%
TOTAL REVENUES	$ 12,560,490	100.0%	$ 13,070,898	100.0%	$ 13,580,588	100.0%	$ 13,991,190	100.0%	$ 14,271,014	100.0%
Revenue per Day	*$ 34,412*		*$ 35,811*		*$ 37,207*		*$ 38,332*		*$ 39,099*	
COST OF SALES	$ 6,293,080	50.1%	$ 5,881,904	45.0%	$ 6,111,264	45.0%	$ 6,296,036	45.0%	$ 6,421,956	45.0%
GROSS PROFIT	**$ 6,267,410**	**49.9%**	**$ 7,188,994**	**55.0%**	**$ 7,469,323**	**55.0%**	**$ 7,695,155**	**55.0%**	**$ 7,849,058**	**55.0%**
INDIRECT EXPENSES	$ 1,249,699	9.9%	$ 1,176,381	9.0%	$ 1,222,253	9.0%	$ 1,259,207	9.0%	$ 1,284,391	9.0%
OPERATING EXPENSES	$ 3,209,471	25.6%	$ 3,137,016	24.0%	$ 3,259,341	24.0%	$ 3,357,886	24.0%	$ 3,425,043	24.0%
Start-Up Expenses	$ 850,000	6.8%		0.0%		0.0%		0.0%		0.0%
INCOME (LOSS) FROM OPERATIONS	$ 958,239	7.6%	$ 2,875,598	22.0%	$ 2,987,729	22.0%	$ 3,078,062	22.0%	$ 3,139,623	22.0%
OTHER INCOME (EXPENSE)										
Misc. Income	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Interest Expense	$ (89,158)	-0.7%	$ (77,162)	-0.6%	$ (64,615)	-0.5%	$ (51,491)	-0.4%	$ (37,765)	-0.3%
Bonus	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
TOTAL OTHER INCOME (EXPENSE)	$ (89,158)	-0.7%	$ (77,162)	-0.6%	$ (64,615)	-0.5%	$ (51,491)	-0.4%	$ (37,765)	-0.3%
INCOME (LOSS) BEFORE TAXES	**$ 869,081**	**6.9%**	**$ 2,798,436**	**21.4%**	**$ 2,923,115**	**21.5%**	**$ 3,026,571**	**21.6%**	**$ 3,101,859**	**21.7%**
CASH FLOW INFORMATION										
Operating Cash Flow (NI + Dep + Int)	$ 958,239		$ 2,798,436		$ 2,923,115		$ 3,026,571		$ 3,101,859	
Less: Principal Pmts	$ (261,126)		$ (273,122)		$ (285,669)		$ (298,793)		$ (312,519)	
Interest Pmts	$ (89,158)		$ (77,162)		$ (64,615)		$ (51,491)		$ (37,765)	
Rent Pmts	$ (2,156,250)		$ (2,199,375)		$ (2,243,363)		$ (2,288,230)		$ (2,333,994)	
Cash Available after Prin, Int. & Rent Pmts	$ (1,548,295)		$ 248,777		$ 329,468		$ 388,057		$ 417,580	
Operating Cash Flow Ratio	*0.38*		*1.10*		*1.13*		*1.15*		*1.16*	
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~~.~~ **and accepted by the Company. Acceptance of subscriptions is in the Company's sole discretion.** 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~~**ten** business days' prior written notice from the Company or ~~the Manager.~~ **DAP.** Investors should expect to fund their entire commitments within ~~60~~**30** days of closing.

DEFINITIONS

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

Document comparison by Workshare 9 on Thursday, August 31, 2017 7:16:36 PM

Input:	
Document 1 ID	netdocuments://4815-5807-7500/14
Description	McM-Elks - Offering Circular
Document 2 ID	netdocuments://4815-5807-7500/24
Description	McM-Elks - Offering Circular
Rendering set	Miller Nash Workshare

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	693
Deletions	528
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	1239