
Confidential Private Placement Memorandum

SSG RECREATION FUND 01, LLC

(a Texas limited liability company)

\$20,000,000 (TWENTY MILLION DOLLARS)

**TWENTY THOUSAND (20,000)
CLASS A MEMBERSHIP INTEREST UNITS**

**INITIAL PRICE PER UNIT:
ONE THOUSAND DOLLARS (\$1,000)**

—————
ACCREDITED INVESTORS ONLY
—————

Dated as of January 8, 2024

An investment in the Units offered hereby involves a high degree of risk and is suitable only for persons who can bear the economic risk of an investment for an indefinite period of time and afford the total loss of their investment. See "Risk Factors" beginning on page 20 for a discussion of certain factors that should be considered by prospective investors.

The securities described herein have not been registered pursuant to the Securities Act of 1933, as amended, nor have they been registered under the securities act of any state. These securities are offered pursuant to an exemption from registration. These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is unlawful.

NOTICE

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THIS “MEMORANDUM”) IS BEING FURNISHED TO PROSPECTIVE INVESTORS ON A CONFIDENTIAL BASIS TO ENABLE SUCH POTENTIAL INVESTORS TO CONSIDER AN INVESTMENT IN MEMBERSHIP INTERESTS (“INTERESTS”) IN SSG RECREATION FUND 01, LLC, A TEXAS LIMITED LIABILITY COMPANY (THE “FUND”) AND MAY NOT BE USED FOR ANY OTHER PURPOSE. THE MANAGER OF THE FUND SERVES AS THE SOLE INVESTMENT MANAGER OF THE FUND. THIS MEMORANDUM MAY NOT BE REPRODUCED OR PROVIDED TO OTHERS WITHOUT THE PRIOR WRITTEN PERMISSION OF THE MANAGER, AND BY ACCEPTING DELIVERY OF THIS MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES TO THE FOREGOING.

THE INTERESTS DESCRIBED IN THIS MEMORANDUM HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), THE INVESTMENT COMPANY ACT OF 1940, OR THE SECURITIES LAWS OF ANY OF THE STATES OF THE UNITED STATES. THE OFFERING CONTEMPLATED BY THIS MEMORANDUM WILL BE MADE IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT FOR OFFERS AND SALES OF SECURITIES WHICH DO NOT INVOLVE ANY PUBLIC OFFERING AND ANALOGOUS EXEMPTIONS UNDER STATE SECURITIES LAWS.

THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF INTERESTS IN THE FUND IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION CONTAINED IN THIS MEMORANDUM SUPERSEDES ALL PRELIMINARY VERSIONS HEREOF AND ALL OTHER INFORMATION POTENTIAL INVESTORS MAY HAVE RECEIVED PREVIOUSLY FROM THE MANAGER CONCERNING AN INVESTMENT IN INTERESTS. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS CONCERNING THE FUND WHICH ARE INCONSISTENT WITH THOSE CONTAINED IN THIS MEMORANDUM. PROSPECTIVE INVESTORS SHOULD NOT RELY ON ANY INFORMATION NOT CONTAINED IN THIS MEMORANDUM.

THIS MEMORANDUM CONTAINS SUMMARIES OF THE MATERIAL TERMS AND CONDITIONS OF THE OFFERING OF INTERESTS IN THE FUND. ACCORDINGLY, REFERENCES HEREIN TO THE COMPANY AGREEMENT OF THE FUND AND OTHER DOCUMENTS RELATED TO THIS OFFERING ARE QUALIFIED IN THEIR ENTIRETY BY THE ACTUAL TERMS OF SUCH COMPANY AGREEMENT AND OTHER DOCUMENTS, AS APPLICABLE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT

BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR FINANCIAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, FINANCIAL OR OTHER MATTERS RELEVANT TO THE SUITABILITY OF AN INVESTMENT IN THE FUND FOR SUCH INVESTOR.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS (PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM) AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS DESCRIBED IN THIS MEMORANDUM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

AN INVESTMENT IN INTERESTS CARRIES SIGNIFICANT RISKS, INCLUDING THE POTENTIAL FOR LOSS OF THE ENTIRE AMOUNT INVESTED. THERE IS NO GUARANTEE THAT THE MANAGER WILL BE ABLE TO IMPLEMENT SUCCESSFULLY THE INVESTMENT STRATEGY DESCRIBED HEREIN. INVESTORS SHOULD NOT INVEST ANY PROCEEDS IN THIS OFFERING UNLESS THEY CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT. THERE IS NO MARKET FOR THE INTERESTS IN THE FUND AND NONE IS EXPECTED TO DEVELOP. PROSPECTIVE INVESTORS SHOULD NOT ACQUIRE AN INTEREST IN THE FUND IF THE INVESTOR ANTICIPATES THAT IT WILL HAVE A NEED FOR THE PROCEEDS CONTRIBUTED TO THE FUND PRIOR TO THE TIMES THAT WITHDRAWALS ARE PERMITTED.

CERTAIN OF THE INFORMATION CONTAINED HEREIN REPRESENTS OR IS BASED UPON FORWARD-LOOKING STATEMENTS OR INFORMATION, INCLUDING DESCRIPTIONS OF THE MANAGER'S OBSERVATIONS REGARDING MARKET CONDITIONS AND ANTICIPATED MARKET CHANGES, PROJECTED RETURNS FROM UNREALIZED INVESTMENTS AND EXPECTATIONS OF FUTURE INVESTMENT ACTIVITY. THE MANAGER BELIEVES THAT SUCH STATEMENTS AND INFORMATION ARE BASED UPON REASONABLE ESTIMATES AND ASSUMPTIONS. HOWEVER, FORWARD-LOOKING STATEMENTS AND INFORMATION ARE INHERENTLY UNCERTAIN AND ACTUAL EVENTS OR RESULTS MAY DIFFER MATERIALLY FROM PROJECTIONS. THEREFORE, UNDUE RELIANCE SHOULD NOT BE PLACED ON SUCH FORWARD-LOOKING STATEMENTS AND INFORMATION.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, EACH PROSPECTIVE INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF EACH PROSPECTIVE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX

STRUCTURE OF AN INVESTMENT IN THE FUND AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE PROSPECTIVE INVESTOR RELATING TO SUCH TAX TREATMENT OR TAX STRUCTURE. THIS AUTHORIZATION OF TAX DISCLOSURE IS RETROACTIVELY EFFECTIVE TO THE COMMENCEMENT OF THE FIRST DISCUSSIONS BETWEEN THE FUND AND THE INVESTOR REGARDING THE TRANSACTIONS CONTEMPLATED HEREIN.

FORWARD-LOOKING STATEMENTS

Statements included in this Memorandum which are not historical facts (including any statements concerning investment objectives, economic updates, other plans and objectives of the Manager for future operations or economic performance, or assumptions or forecasts related thereto) are forward-looking statements. These statements are only predictions. We caution that forward-looking statements are not guarantees. Actual events or our investments and results of operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as “may,” “should,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “predict,” “potential” or the negative of such terms and other comparable terminology.

The forward-looking statements included herein are based on our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Any of the assumptions underlying the forward-looking statements could be inaccurate. You are cautioned not to place undue reliance on any forward-looking statements included in this Memorandum. All forward-looking statements are made as of the date of this Memorandum and the risk exists that actual results will differ materially from the expectations expressed in this Memorandum and this risk will increase with the passage of time. In light of the significant uncertainties inherent in the forward-looking statements included in this Memorandum, including, without limitation, the risks set forth in the “Risk Factors” section, the inclusion of such forward-looking statements should not be regarded as a representation by us or any other person that the objectives and plans set forth in this Memorandum will be achieved. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.

SSG RECREATION FUND 01, LLC

Texas limited liability company

EXECUTIVE SUMMARY

SSG Recreation Fund 01, LLC (the “Fund”) is a newly-formed Texas limited liability company that will sell and issue its Class A Membership Interest Units (the “Class A Units”) to qualified third-party investors. The Fund will invest the Capital Contributions of its Members in accordance with the investment strategies described herein with the goal of realizing positive investment returns. The Members holding Class A Units (the “Class A Members”), in their capacity as such, will not take part in the day-to-day management of the Fund. The Fund will be managed by its Manager, SSG Fund Management, LLC (“SSG FM”), a Texas limited liability company owned and controlled South Silver Group, LLC (“SSG”), a Texas limited liability company owned and controlled by Jay Personius, its President and CEO. Biographical information regarding Mr. Personius is set forth below under “Management.”

The Fund began operations on January 8, 2024, which was the commencement date of its first fiscal year.

The investment objective of the Fund is to invest in recreational commercial real estate assets throughout the United States. The initial investment of the Fund will be in New Haven Marinas Fund 1, a fund investing in marinas located throughout the United States, the management of which fund is headquartered in Plano, Texas. Thereafter, the Fund will invest opportunistically in accordance with the strategies described herein.Offering

The Fund is offering for sale hereby up to Twenty Thousand (20,000) of its Class A Membership Interest Units, denominated as the “Class A Units”. The Class A Units will be offered in two (2) subclasses: Class A-1 and Class A-2. The initial Offering per Unit price for the Class A Units (regardless of class) is One Thousand Dollars (\$1,000). The Manager has the authority to adjust the per Unit price from time to time in accordance with the Company Agreement of the Fund.

The Class A Units are non-voting Membership Interests of the Fund. The Fund’s Class B Membership Interest Units (the “Class B Units”) are the sole voting Membership Interests of the Fund and are all held by the Manager, SSG FM, and its related persons.

Investors; Subscriptions

Interests in the Fund will be offered, sold and issued solely to “accredited investors” (as such term is defined in Regulation D Rule 501 promulgated by the SEC under the Securities Act) in reliance on the exemption from U.S. federal securities registration found in Regulation D Rule 506(c) and corresponding state level “blue sky” law exemptions. Prospective investors shall complete, execute and deliver to the Manager a copy of the Subscription Booklet attached hereto as Exhibit “I”. The Subscription Booklet includes a questionnaire that requests such information from potential investors as is necessary for the Manager to determine whether an investor is qualified to invest in the Fund. The definition of “accredited” investor is set forth in greater detail in the Subscription Booklet. Upon

receipt of the completed Subscription Booklet, the Manager will determine in its sole discretion whether to accept an investor as Member of the Fund.

Fees

The Fund will charge one or more of the following types of fees to each investor investing in the Fund: a management fee based on a percentage of assets under management; a performance-based fee based on the aggregate capital appreciation of the Fund's assets; and a subscription charge debited from the amount of an investor's initial investment in the Fund.

The Fund will pay the Manager a management fee (the "Management Fee") equal to Two Percent (2%) per annum of the greater of (i) the aggregate Capital Contributions of the Class A Members (regardless of subclass), and (ii) the Value of all the Fund's assets. The Management Fee will be charged on a pro rata basis for any Member's investment in the Fund for less than a full year.

The Fund will pay the Manager as an expense a one-time placement fee (the "Placement Fee") equal to One and One-Half Percent (1.5%) of the investment amounts invested by the Fund in all Investment Vehicles in excess of Five Hundred Thousand Dollars (\$500,000).

Distributions of Cash

After distributions of cash equal in amount to each Member's Capital Contributions plus the "Preferred Return" (equal in amount to Eight Percent (8%) per annum on each Class A Members Unreturned Capital Contributions (as such term is defined in the Company Agreement), the Fund will divide remaining cash available for distribution into two (2) amounts: the "Class A-1 Portion" and the "Class A-2 Portion". The "Class A-1 Portion" shall equal such remaining cash available for distribution multiplied by the total Capital Contributions of the Class A-1 Members divided by the total Capital Contributions of all the Class A Members (regardless of subclass). The "Class A-2 Portion" shall equal such remaining cash available for distribution multiplied by the total Capital Contributions of the Class A-2 Members divided by the total Capital Contributions of all the Class A Members (regardless of subclass). The "Class A-1 Portion" shall be distributed Ninety-Seven Percent (97%) to the Class A-1 Members pro rata according to the number of Class A-1 Units held by each, and Three Percent (3%) to the Class B Members pro rata according to the number of Class B Units held by each, and the "Class A-2 Portion" shall be distributed Ninety-Four Percent (94%) to the Class A-2 Members pro rata according to the number of Class A-1 Units held by each, and Six Percent (6%) to the Class B Members pro rata according to the number of Class B Units held by each. The Fund has issued the Class B Units of the Fund to South Silver Group, LLC ("SSG"), a Texas limited liability company owned and managed by Jay M. Personius, and to Titan Home Investment Capital, LLC ("THIC"), a Texas limited liability company owned and managed by Rebekah E. Personius, who is Jay Personius's daughter-in-law.

Subscription Fee and Subscription Expenses

The Fund does not currently charge a subscription fee, provided however, that the Fund retains the right to charge against Capital Contributions the costs of actual Member onboarding, including without limitation the costs of third party "accredited investor" certification services, and charges from the Fund's Administrator, NAV Consulting. Such costs are estimated to be less than One Percent (1%) of a Member's Capital Contributions. Such amounts may be paid from funded

Capital Contributions to reimburse the Fund for charges incurred at the time of acceptance of a Member's Capital Contributions. NAV Consulting annual fees shall be a Fund expense.

Term; Liquidity

Other material terms and conditions of the Class A Units, including the term, liquidity and redemption rights, are set forth in the Company Agreement. These terms are also summarized herein.

The foregoing summary of terms and conditions of an investment in the Fund is qualified in its entirety and should be read in connection with the Subscription Booklet and the Fund's Company Agreement, attached hereto as an exhibit. Investors must read the Company Agreement before making any investment decision.

References herein to "we," "us," "our", or such similar pronouns refer to the Manager or the Fund as context requires and unless specifically noted otherwise.

INVESTMENT SUMMARY

SSG Fund Management

SSG Fund Management, LLC is a Texas limited liability company formed in 2022 (“SSG FM”). SSG FM was formed by Jay Personius for the purpose of providing fund management services to funds formed by SSG. SSG FM is owned by SSG and is managed by Jay Personius. Biographical information about Mr. Personius is set forth below.

South Silver Group

South Silver Group, LLC is a Texas limited liability company formed in 2018 (“SSG”). SSG is owned and managed by its members Jay and Maureen Personius, and led by Jay Personius. Biographical information about Mr. Personius is set forth below.

SSG Recreation Fund 1

SSG Recreation Fund 01, LLC, a Texas limited liability company (the “Fund”) is the most recent investment fund created by SSG.

The sole manager of the Fund is SSG FM, who shall be referred to from time to time herein as the “Manager”. The Manager of the Fund is elected by the Class B Member(s) owning the Fund’s Class B Units. The Class B Members of the Fund are SSG and THIC.

Class A Members should note that the Class A Units are non-voting. Consequently, the Class A Members are relying on the management control and efforts of SSG FM entirely to implement the Fund’s investment program. The Class A Members in their role as such shall not take part in any management decisions of the Fund.

As noted above, SSG formed the Fund to invest opportunistically in various types of commercial real estate assets. Its first investment will be in the New Haven Marinas Fund 1, a fund investing in U.S. marinas headquartered in Plano, Texas. Additional information regarding the Fund’s investment program is set forth below.

Investment Philosophy and Strategy

The Fund has been formed to target investment opportunities in the commercial recreational sector. We will invest primarily in other investment funds (referred to herein as the “Investment Vehicles”) that have similar investment minimums associated with a tiered fee and distribution structure. By pooling investments of accredited investors who may not be able to meet, or do not want to invest, the minimum investment amounts required by the Investment Vehicles to obtain more favorable terms, our investors can access the better terms by investing through the Fund and still obtain more favorable terms than they would be able to achieve by investing directly in the Investment Vehicles even after accounting for our fees and carried interests.

We will target Investment Vehicles investing in commercial real estate assets serving the recreational sector. These assets include marinas, recreational vehicle (RV) parks, campgrounds, hotels/motels, short-term rental properties, entertainment and event venues, and other types of properties. The Fund's Manager will have broad authority to invest opportunistically in these properties, and may invest in properties falling outside the foregoing categories if the Manager believes such investments are in the best interests of the Fund and its Members.

The Fund will accept Capital Contributions from its investors on the first (1st) day of each and every month during the Investment Period (as such term is defined herein and in the Company Agreement). The Fund will deploy Capital Contributions during the Investment Period as new Fund investment opportunities are identified.

It is possible that the Manager may deviate from the foregoing criteria from time to time in its reasonable discretion.

THE INVESTMENT OBJECTIVES AND METHODS SUMMARIZED ABOVE REPRESENT THE MANAGER'S CURRENT INTENTIONS. DEPENDING ON CONDITIONS AND TRENDS IN THE REAL ESTATE AND SECURITIES MARKETS, AND THE ECONOMY IN GENERAL, THE MANAGER MAY PURSUE ANY OBJECTIVES, EMPLOY ANY INVESTMENT TECHNIQUES OR PURCHASE ANY TYPE OF SECURITY THAT IT CONSIDERS APPROPRIATE AND IN THE BEST INTERESTS OF THE FUND WHETHER OR NOT DESCRIBED IN THIS SECTION. THE FOREGOING DISCUSSION INCLUDES AND IS BASED UPON NUMEROUS ASSUMPTIONS AND OPINIONS OF THE MANAGER CONCERNING FINANCIAL MARKETS AND OTHER MATTERS, THE ACCURACY OF WHICH CANNOT BE ASSURED. ALL INVESTMENTS RISK THE LOSS OF CAPITAL. AN INVESTMENT IN THE FUND INVOLVES SPECIAL CONSIDERATIONS AND RISK FACTORS THAT PROSPECTIVE INVESTORS SHOULD CONTEMPLATE BEFORE SUBSCRIBING. **THERE CAN BE NO ASSURANCE THAT THE FUND'S INVESTMENT STRATEGY WILL ACHIEVE PROFITABLE RESULTS.**

MANAGEMENT

The Manager

The Fund is managed by its Manager, SSG Fund Management, a Texas limited liability company (“SSG FM”, or the “Manager”). The Manager has responsibility for all investment decisions made by the Fund.

Subject to the provisions of the Fund’s Company Agreement, the Manager possesses and is entitled to exercise full, complete, and exclusive right, power, and authority to manage and conduct the business and affairs of the Fund. No Member of the Fund in its capacity as such may take part in the management or conduct of the business or affairs of the Fund, transact any business in the name of the Fund, or otherwise act for or on behalf of the Fund.

The Manager is owned by South Silver Group, LLC and managed by Jay Personius.

Jay Personius of Keller, Texas currently serves as the sole Manager of SSG FM.



Jay is an accomplished Systems and Software Engineer, Agile Coach, and Real Estate Investor with over 40 years of project management experience in both the Defense and Private sectors of business. He has held a wide range of leadership positions as Software Team Lead, Systems Engineering Lead, Project Lead, Senior Engineering Manager, and President in companies ranging from startups to large defense contractors. He has excelled in transforming teams, optimizing processes, and reducing costs through his engineering mindset, his initiative to find solutions, and a keen focus on efficiencies while balancing his energies in harmony with nurturing individuals to feel a part of the team while leading them towards excellence. He is able to address the full spectrum of roles within an organization from mentoring new recruits to leading executives in company cultural transformations. His greatest joy is empowering and teaching others not only to succeed but to exceed him.

Jay is currently President of South Silver Group and a general partner in 11 commercial real estate opportunities. In the past five years he has been involved in over 45 real estate transactions valued at more than \$150 million in a variety of asset classes including Medical office, boat & RV storage, self-storage, multi-family, single-family, marinas, RV parks and resorts, boutique senior living, sobriety recovery, and mobile home parks. Jay has also completed training as an Independent Rental Owner Professional (IROP) certification from the National Apartment Association. He serves as the Chairman of the Board for SSG Fund Management, is a board member of Windlass Marinas, New Haven Marinas, and founder of the Engineers in Real Estate passive investor community, and an active private lender for real estate.

Jay’s prior company employers include American Systems Corp, Albers Aero, Lockheed Martin, Bell Helicopter Textron, Apple Computer, and as a Captain in the United States Air Force.

Jay is a highly qualified and experienced agile coach with 11 agile certifications topped by the Certified Team Transformations Coach (CTTC) and the ICAgile Expert in Agile Coaching (ICE-AC).

Jay is a regular teacher at Countryside Bible Church where he uses a disciplined expository teaching style to educate adults in proper interpretation and application of Scripture. He has completed 42 credits of a Master of Divinity at Southwestern Baptist Seminary in Fort Worth, has been teaching adults for nearly 40 years, and holds a Bachelor's degree in Electrical Engineering (BSEE) from the University of Minnesota.

Born in Florida to a military family where his father was a USAF test pilot, Jay was raised throughout the United States and Canada and hopes to visit Alaska soon in order to complete his having been in all 50 states. He resides in Keller, Texas with his wife (Maureen). They enjoy their 4 children (Kayleen, Kristin, David, Caroline), their children's spouses, and their two grandchildren (Adeline, Ian). Jay's hobbies include wood working, hiking, entrepreneurial endeavors, and building Internet of Things devices.

Additional Advisors to SSG Fund Management, LLC

Brian Reid, of Lewisville, Texas.



Brian is the President of Renaissance Asset Management, LLC, a Texas based, private-client consultancy, specializing in due-diligence, valuation, investment advisory and asset management services. Renaissance Asset Management is the third-party asset manager for Windlass Marinas and New Haven Marinas. Brian is a General Partner; and an acquisitions advisor for South Silver Group, LLC, a Texas based private equity firm and investment fund Manager, specializing in Opportunity Funds and Recreational properties.

Over the course of his career, spanning 40+ years, he has worked as a) a commercial real estate investment banker; b) a multi-state, certified general real estate appraiser; c) an institutional real estate investment officer for life insurance, finance and private equity firms; and d) an analyst, litigation consultant, expert witness and bankruptcy asset manager for “bankruptcy estates”, bankruptcy litigation and trial attorneys involving commercial real estate and business properties of many different asset classes. He has also previously served as the chief financial officer of two privately owned, real estate investment and development companies; as well as an interim CFO of a private, Dallas, TX hospital (in reorganization).

In these diverse roles Brian has underwritten and closed approximately \$2.9 Billion in structured financing transactions secured by real estate and business property assets. He has represented principals in the sale and acquisition of \$450 Million in investment real estate assets. He has managed \$650 million of assets in bankruptcy cases, developing asset remediation, asset recovery and asset disposition plans for owners in reorganization, for creditors and for equity owners. As a Certified General Real Estate Appraiser, he has completed valuation advisory assignments on commercial real estate assets and business properties valued in excess of \$1.4 Billion.

Brian is presently an investment partner (either GP, LP or both) in 16 active real estate and business ventures throughout Texas, the southwestern and the southeastern United States. As of 2023, he has executed personal equity investments in 31 separate commercial real estate and business ventures, in sectors as diverse as multi-family apartments; self-storage, Boat and RV storage; RV Parks, Mobile Home Communities; Hotels; Restaurant / Bars; and operating ventures in health clubs, free-standing medical centers and micro-hospitals. Brian is a 1979 graduate (BS Finance & Marketing) of the Marshall School of Business at the University of Southern California.

Matt Layton, of Carrollton, Texas.

Matt Layton serves as Vice President and Chief Technology Officer for Windlass Marinas. Prior to joining Windlass Matt worked as a sales director in a local boutique private equity firm where he grew a sales team internally and oversaw equity investments into 15 private placement deals in his 4 years. Matt was also instrumental in sourcing acquisitions for the firm that provided the investors stable monthly distributions. Prior to this Matt worked in the automotive industry in the servicing department where he handled ordering maintenance management, disposal of chemicals and writing service for Porsche and Audi. This will be a great value when building out a service department at future marinas. Matt provides great opportunity wherever he goes with his fresh perspective and strong relationship building mentality. Matt also holds his Texas Real Estate license and has created immense value in being able to identify off market opportunistic investments for his clients.

Fiduciary Duty of the Manager and Indemnification Obligations of the Fund

Under the Fund's Company Agreement, to the extent that at law or in equity the Manager has duties (including fiduciary duties) and liabilities relating thereto to the Fund or any Member, the Manager and its affiliates shall not be liable for monetary or other damages to the Fund or such Member for actions taken in good faith reliance on the provisions of the Company Agreement or for losses sustained or liabilities incurred by the Fund or such Member as a result of (1) errors in judgment on the part of such Manager or any act or omission of the Manager, in each case so long as the Manager acted without fraud, gross negligence or willful misconduct; (2) errors in judgment on the part of any person, or any act or omission of any person, selected by the Manager to perform services for the Fund, provided that the Manager acted without fraud, gross negligence or willful misconduct in selecting such person; or (3) circumstances beyond the Manager's control, including the bankruptcy, insolvency or suspension of normal business activities of any person with a contractual relationship with the Fund that could have a material effect on the Fund's assets.

In addition, the Company Agreement provides that the Fund shall, to the fullest extent permitted by law, indemnify the Manager and any person who was, is, or is threatened to be made a named defendant or respondent in any legal proceeding from and against any and all losses because the person (i) is or was a Manager or officer of the Fund or (ii) while a Manager or officer of the Fund, is or was serving at the request of the Fund as a director, Manager, officer, partner, venturer, proprietor, trustee, employee, agent, attorney or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

The foregoing exculpatory and indemnification provisions may limit the remedies that might otherwise be available to the Fund or the Members and/or result in a reduction of net assets due to

indemnification payments. However, these provisions are not intended to permit exculpation or indemnification to the extent it would be inconsistent with the requirements of applicable federal or state securities laws. In addition, the indemnification provisions shall in no event cause the Members to incur any personal liability beyond their total capital accounts, nor shall it result in any liability of the Members to any third party.

The foregoing description of the exculpatory and indemnification provisions of the Fund's Company Agreement are qualified in their entirety by the actual provisions of the Company Agreement, a copy of which is attached hereto as Exhibit "I".

Administrator

NAV Consulting, Inc. (the "Administrator" or "NAV") has been engaged as the administrator of the Fund pursuant to a Service Agreement entered into with the Fund (the "NAV Agreement"). The Administrator is responsible for, among other things, calculating the Fund's net asset value, performing certain other accounting, back-office, data processing, processing subscriptions, redemptions and transfer activities of an investor (each, an "Investor") in the Fund, certain anti-money laundering functions and related administrative services.

The NAV Agreement provides that the Administrator shall not be liable to the Fund, any Investor or any other person in absence of finding of willful misconduct, gross negligence, or fraud on the part of NAV. Furthermore, the Fund shall indemnify and hold harmless the Administrator, its affiliates, and their respective officers, directors, shareholders, employees, agents and representatives (collectively, the "NAV Parties") from and against any liability, damages, claims, loss, cost or expense, including, without limitation, reasonable legal fees and expenses (individually, "Loss" and collectively, "Losses") arising from, related to, or in connection with the services provided to the Fund pursuant to the NAV Agreement, unless any such Losses are the direct result of the willful misconduct, gross negligence or fraud of NAV. In no event shall NAV have any liability to the Fund, any Investor or any other person or entity which seeks to recover alleged damages or losses in excess of the fees paid to NAV by the Fund in the one year preceding the occurrence of any loss, nor shall NAV be liable for any indirect, incidental, consequential, collateral, exemplary or punitive damages, including lost profits, revenue or data, regardless of the form of the action or the theory of recovery, even if NAV has been advised of the possibility of such damages or such damages were foreseeable. Any claim brought against NAV in connection with the NAV Agreement will be barred unless it is initiated within one year of the earlier of the disclosure of the event which is the subject of such claim or the date that the party advancing such claim knew or could with due inquiry have known of such event.

NAV shall not be liable to the Fund, any Investor or any other person for the actions or omissions of any agent, contractor, consultant or other third party performing any portion of the services under the NAV Agreement absent a finding of gross negligence or fraud on the part of NAV in appointing such agent, contractor, consultant or other third party.

NAV shall not be liable to the Fund, any Investor or any other person for actions or omissions made in reliance on instructions from the Fund or advice of legal counsel.

The services provided by NAV are purely administrative in nature. NAV has no responsibilities or obligations other than the services specifically listed in the NAV Agreement.

No assumed or implied legal or fiduciary duties or services are accepted by or shall be asserted against NAV. NAV does not provide tax, legal or investment advice. NAV has no duty to communicate with Investors other than as set forth in Exhibit A of the NAV Agreement. NAV does not have custody of Fund's assets, it does not verify the existence of, nor does it perform any due diligence on the Fund's underlying investments, including, investments in or via related or affiliated entities. In connection with the payment processing functions, NAV shall not be responsible for performance of the due diligence on payment recipients other than in connection with payments for Investors' withdrawals from the Fund, which are subject to anti-money laundering review functions of the services.

The NAV Agreement also provides that it is the obligation of the Fund's management, and not of NAV, to review, monitor or otherwise ensure compliance by the Fund with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Fund's offering documents, including, without limitation, with its valuation policy or the Fund's stated investment strategy, and with laws and regulations applicable to its activities. The Fund's management's responsibility for the management of the Fund, including without limitation, the valuation of the Fund's assets and liabilities, including, defining and maintaining the valuation policy and for fair valuing the Fund's assets, the oversight of the services provided by NAV and the review of work product delivered by NAV shall not be affected by or limited by any of the services provided by NAV.

The NAV Agreement provides that NAV is entitled to rely on any information, including valuation information, received by NAV from the Fund, the Fund's management or other parties, including without limitation, broker-dealers and data vendors, without independent verification, audit, review, inquiry, or performing other due diligence and NAV shall not be liable to the Fund, any Investor or any other persons for losses suffered as a result of NAV relying on incorrect information. NAV has no responsibility to review, independently value, verify, compare to other pricing sources or otherwise perform due diligence on the valuation information. NAV may accept such information as accurate and complete without independent verification. Furthermore, NAV shall not be liable to the Fund, any Investor or any other person for any loss incurred as a result of an error or inaccuracy of any valuation information received from the Fund or from any pricing or valuation service or data service provider or delay, interruption in service or failure to perform of any pricing or valuation service or data service provider used by NAV.

Where the Fund makes investments via related entities, to produce net asset value calculation, NAV will use the valuation information of such intermediate, related entities. The valuation information of the intermediate, related entities may be provided by the Fund's manager or the manager of the intermediate, related entities. NAV is not responsible for performing any due diligence on any of the Fund's investments, including, the intermediate, related entities and for verifying the existence of the end investments. The Fund is responsible for the completeness of records, documents and information provided to NAV to perform the Services.

The Fund acknowledges the challenges in performing Services for investments in real estate due to the nature of this asset class, including its anonymity and opaqueness among other factors. Due to these factors NAV may not have independent access to information in the same manner as it does for traditional assets and has to rely on the information provided by the management of the Fund.

The Service Agreement provides that the Services, including the anti-money laundering services provided by NAV, do not encompass monitoring of Fund's trading activity for the purposes of detecting or preventing money laundering. NAV Consulting, Inc. is not responsible for monitoring transactions effected by the Fund's management to ensure compliance with the applicable AML laws and regulations. NAV Consulting, Inc. does not monitor Fund's trading activities for the purposes of assuring compliance with OFAC Sanctions programs.

The information on investor statements and other reports produced by NAV shall not be considered an offer to sell or a solicitation of an offer to purchase any interest in the Fund, nor may it be used to induce or recommend the purchase or holding of any interest in the Fund.

The NAV Agreement bars non-parties from asserting third party beneficiary claims against NAV.

The Fund pays NAV fees out of the Fund's assets, generally based upon the size of the Fund, in accordance with NAV's standard schedule for providing similar services, subject to a monthly minimum.

Either party may terminate the NAV Agreement on 180 days' prior written notice as well as on the occurrence of certain events.

Investors may review the NAV Agreements by contacting the Fund; provided, that NAV reserves the right not to disclose the fees payable thereunder.

NAV is not responsible for the preparation of this Confidential Memorandum or the activities of the Fund and therefore accepts no responsibility for any information contained in any other section of this Confidential Memorandum; provided however, that NAV does provide "accredited investor" verification services. The Manager also provides a 3rd party service to verify accredited investor status at <https://bridge.parallelmarkets.com/south-silver-group>. Please refer to the Subscription Booklet for complete instructions.

The rest of this page left intentionally blank.

Contact information for NAV, including subscription and redemption requests, is set forth in the Subscription Booklet attached to this Memorandum as Exhibit II, and also as follows:

Manager:

SSG FUND MANAGEMENT 01, LLC

Attention: Investor Relations - SSG Recreation Fund 01
c/o South Silver Group LLC
516 E. Byron Nelson Blvd., #1670
Roanoke, Texas 76262-9998
Phone: 817/720-0170
investing@southsilvergroup.com

Administrator:

SSG Recreation Fund 01 LLC
c/o NAV Consulting, Inc.
Attention: Transfer Agency Services
1 Trans Am Plaza Drive, Suite 400
Oakbrook Terrace, Illinois 60181
United States
Phone1: 630/954-1919 Phone2: 345/946-5006
Fax1: 630/596-8555 Fax2: 345/946-5007
Fax3: 630/954-2881
transfer.agency@navconsulting.net

Please note email is always preferred to speed response and avoid delays.

RISK FACTORS

Risk Factors

Prospective investors should consider carefully, among other factors, the matters described below, which do not purport to be a complete list of all risks involved in an investment in the Fund.

The investment risks set out below do not purport to be exhaustive and potential investors should review this entire Memorandum carefully and in its entirety and consult with their professional advisers before making an application for an investment in the Fund. The Manager believes that the risks set forth below are representative generally of the types of risks presented by investments in commercial real estate assets of the types in which the Fund will invest. The risks described below could have an adverse effect on the value of the Class A Units, and as a result of these risks, there can be no assurance that the Fund will meet its investment objectives or otherwise be able to successfully carry out its investment program. The Fund's investment returns will be unpredictable. An investor should only invest in the Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment.

Adverse effects on the performance of the Fund caused by the risks set forth below will result in adverse effects on the performance of the Class A Units, and consequently, the investment returns experienced by investors therein (i.e., Members of the Fund).

Risks Related to Investment Terms and the Business of the Fund

Nature of an Investment in the Fund. The Fund is a newly-formed entity and as such has no operating history that an investor can use to make a decision about whether to invest in the Fund. An investment in the Fund should be considered a long-term and speculative investment. An investor in the Fund may lose all or substantially all of his or her investment in the Fund, or receive returns on equity that are less than expected. The offering of the Class A Units is a non-specified offering and the Members may not have an opportunity to evaluate each specific asset prior to investing. The past performance of investments by our affiliates and the affiliates of the Manager are not indicative of the Fund's future results and is no guarantee the Fund's future returns on investment. There is no guarantee that the Manager will be able to meet the investment objectives of the Fund.

Dependency on Key Personnel. The Fund will rely upon the Manager in formulating its investment strategy. Investors in the Fund must rely on the judgment of the Manager and on the judgment of the Manager's principals, officers and employees thereof, including Jay Personius, the sole managers of the Manager to the Fund. The Fund's future success depends in large part on the performance of the Manager, and in turn on Mr. Personius's performance, and the loss of his services could have a material adverse effect on the Fund.

Dependency on Consumer Discretionary Spending. The Fund's strategy regards investing in recreation-related real estate assets. Consumers spend discretionary funds in connection with their recreational activities and such spending may be the first spending that consumers curtail in an inflationary environment. The United States is experiencing general price inflation in the economy and this inflation may continue for the foreseeable future. It is possible that United States consumers

will reduce their discretionary spending in which case the properties in which the Fund may invest could be less profitable. If the properties in which the Fund invests are less profitable, our investors may not achieve the returns that we project.

Manager Control. All decisions with respect to the management of the Fund are made exclusively by the Manager. Members have no right or power to take part in the management of the Fund. The Manager is vested with the authority to make all of the trading and investment decisions with respect to the Fund's assets. Accordingly, no investment should be made in the Fund unless the investor is willing to entrust substantially all aspects of the administration and management of the Fund to the Manager.

Real Estate Holding Risk. The Fund bears the risk of investment loss due to fluctuations in the value of the real estate in which the Fund invests. The Fund primarily will invest in other investment vehicles that own real estate properties, and the properties in which the Fund will invest indirectly are referred to herein as the "Properties" or a "Property". Any owner of real estate is subject to market risks in that the value of the real estate can fluctuate over time as the result of various factors. Changes in zoning, development rules, market conditions, and other factors outside of our control could result in a Property becoming worth less than our initial investment in which case we could experience investment losses.

Illiquid Interests. There are severe restrictions on withdrawals from the Fund and on transfers of Class A Units. We anticipate term of the Fund to be approximately five (5) to seven (7) years. The prior written consent of the Manager is required for a transfer of Class A Units of any Member. Because of the restrictions on withdrawals and transfers, an investment in the Fund is an illiquid investment and involves a high degree of risk. A subscription for Class A Units of the Fund should be considered only by persons financially able to maintain their investment for an indefinite time period and who can accept a loss of all of their investment. It is anticipated that the offering and sale of Class A Units will be exempt from registration pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act") and the securities laws of each state where Class A Units may be offered for sale and issuance. The Class A Units will not be registered under the Securities Act, or the securities laws of any state. Consequently, the Class A Units are private investments, there will be no public market for the Class A Units, and none is expected to develop.

Long-Term Investment. An investor should invest in the Fund only if it has the financial ability to do so for a substantial period of time. The Fund has been designed to meet long-term financial goals and is not suitable as a short-term investment. The Term of the Fund may be as long as Ten (10) years from the date of its inception, and could be longer. The Fund is not designed to serve as a vehicle for frequent trading.

Limited Current Income. The Fund is not suitable for investors seeking current income. Moreover, an investor is required to report and pay taxes on his allocable share of income from the Fund, even though no cash may be distributed by the Fund.

An Investor's Tax Liability Could Exceed Cash Distributions Received From the Fund. Subject to applicable provisions of the Company Agreement, for U.S. federal income tax purposes, items of income and gain (as well as losses, deductions, and credits) from Fund operations will be allocated among the Members in accordance with their respective Membership Interest percentages. The Fund may or may not be able to make corresponding distributions of cash to the Members necessary for

them to pay tax liabilities they may have as the result of such allocations of income and gain. In the event that the Fund is not able to make sufficient distributions of cash, a Member must report and pay taxes on Fund income and gain allocated to the Member from the Member's own cash.

Tax Reporting. It is possible that the Fund will not be able to provide final Schedules K-1s to Members for any given fiscal year until after April 15 of the following year. The Manager will endeavor to provide Members with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but since final Schedules K-1s may not be available, **Members may be required to obtain extensions of the filing date for their income tax returns at the Federal, state and local levels.**

Limited Recourse to Manager. The Fund's governing documents include exculpation and indemnification provisions that will limit the circumstances under which the Manager may be held liable to the Fund and Members. As a result, Members will have a more limited right of action in certain cases than they would in the absence of such limitations. Such provisions will not constitute a waiver by any Member of any of its legal rights under applicable federal securities laws or any other laws whose applicability is not permitted to be contractually waived.

No Investment Company Registration. The Fund will not register as an "investment company" under the U.S. federal Investment Company Act of 1940. Certain investor protections that the above-referenced federal law may provide will not be available to Members.

Fees and Expenses. As noted elsewhere in this Memorandum, Members of the Fund will pay fees to the Manager in connection with their investment. Additionally, the Capital Accounts of Members will be charged for each Member's *pro rata* share of Fund expenses in accordance with the provisions of the Fund's Company Agreement. In the event that a Member invested directly in the commercial real estate that the Fund invests in, the Member could avoid paying any fees and expenses that must be paid in connection with the Member's investment in the Fund or secondary transfer of Interests. Notwithstanding the foregoing, the Manager believes that the fees and expenses charged to Members of the Fund represent commercially reasonable consideration for the investment management and other services rendered to the Fund by the Manager.

Use of Leverage. The Fund may employ leverage for any purpose, including to increase investment capacity, cover operating expenses, make redemption payments, or for clearance of transactions. The use of leverage creates special risks and may significantly increase the Fund's investment risk. Leverage creates an opportunity for greater yield and total return but at the same time, will increase the Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the net asset value of an investment in the Fund to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the net asset value of an investment in the Fund may decrease more rapidly than would otherwise be the case.

The rights of any lenders to the Fund to receive payments of interest on and repayments of the principal amount of such borrowing will be senior to the rights of the Members of the Fund, and the terms of any borrowing may contain provisions which limit certain of the Fund's activities.

Market Considerations. The capital investments of the Fund are subject to normal market fluctuations and there can be no assurances that losses will not occur.

Business Risk. There can be no assurance that the Fund will achieve their investment objectives. There is no operating history by which to evaluate the Fund's likely future performance.

Concentration of Investments. Although it is the policy of the Fund to diversify its investment portfolio, the Fund may at certain times hold relatively few investments. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

Legal Risk. The Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in jurisdictions where assets of the Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations.

Net Asset Value Considerations. The net asset value of the Fund may fluctuate over time with the performance of the investments. Owners of Interests in the Fund may not recover fully their initial investment upon a compulsory redemption if the net asset value at the time of such redemption is less than the subscription price paid.

Competition. The Fund competes with other private funds and other investors whose investment strategies with respect to life settlements closely mirrors those described herein. There is no assurance that we will be able to compete successfully in this market.

General Real Estate Risks

Uncontrollable Factors Affecting Performance and Value. Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the Fund's Properties as well as the expenses incurred in connection therewith. If any of the Fund's Properties do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, the Fund's ownership interest could be adversely affected. Income from, and the value of, the Fund's Properties may be adversely affected by the general economic climate, local conditions such as oversupply, or a reduction in demand for such properties in the areas in which they are located, the attractiveness of the Fund's Properties to potential tenants, competition from other properties, the Fund's ability to provide adequate maintenance and insurance and increases in operating costs (including insurance premiums, utilities and real estate taxes). In addition, revenues from Properties and real estate values are affected by such factors as the cost of compliance with regulations and the potential for liability under applicable laws, including changes in tax laws, and are also affected by interest rate levels and the availability of financing. The Fund's income would be adversely affected if a significant number of tenants were unable to pay rent or if significant portions of the Fund's Properties were vacant and could not be rented on favorable terms. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs)

generally do not decline when circumstances cause a reduction in income from a Property. Because real estate investments are relatively illiquid, the Fund's ability to vary its portfolio promptly in response to economic or other conditions is limited. The relative illiquidity of its holdings could impede the Fund's ability to respond to adverse changes in the performance of its investments, and could have an adverse effect on the financial condition, results of operations and cash flow of the Fund.

Possible Inability to Consummate Investments on Favorable Terms. Properties deemed suitable for investment by the Fund may become available for purchase only occasionally, and the Fund expects that there will be significant competition for attractive investment opportunities from other major real estate investors with significant capital, including both publicly traded and private REITs, other private institutional investment funds, foreign investors, various types of financial institutions and their affiliates, family groups and wealthy individuals, some or all of which may have capital and resources in excess of the Fund. These organizations and individuals may invest in promising opportunities before the Fund is able to do so or their competitive offers to invest may drive up prices of prospective investments thereby limiting suitable investment opportunities. No assurance can be given that the Fund will be able to acquire Properties on terms, including financing, favorable to the Fund. Any one of the foregoing events could have an adverse effect on the financial condition, results of operations and cash flow of the Fund.

Possible Inability to Complete Renovation, Expansion or Development on Advantageous Terms. The Fund may target a portion of its portfolio for renovation, expansion and development activities. The real estate renovation, expansion and development business involves significant risks in addition to those involved in the ownership and operation of established properties, including the risks that financing may not be available on favorable terms and that construction may not be completed on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing such properties and generating cash flow. Substantial renovation, expansion and development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. Once completed, new, expanded or renovated Properties may perform below anticipated levels, producing cash flow below budgeted amounts. The occurrence of one or more of the foregoing in connection with the Fund's renovation, expansion and development activities could have an adverse effect on the financial condition, results of operations and cash flow of the Fund. In addition, substantial renovation and expansion, as well as new development activities, regardless of whether or not they are ultimately successful, typically require a substantial portion of management's time and attention, which could divert management's time from the Fund's day-to-day operations. The Fund anticipates that future renovation, expansion or development activities may be financed through construction loans, in which case there is a risk that, upon completion of construction, permanent financing may not be available or may be available only on disadvantageous terms, which could have an adverse effect on the financial condition, results of operations and cash flow of the Fund.

The Fund's investments in development and redevelopment projects may not yield anticipated returns, which could harm the Fund's operating results. One component of the Fund's investment strategy is acquiring, directly or indirectly, development Properties which will allow the Fund or Property owner to reposition the asset either through development or redevelopment. To the extent the Fund engages in these development and redevelopment activities, they will be subject to the following risks normally associated with these projects:

- The Fund may be unable to obtain financing for these projects on favorable terms or at all;
- The Fund may not complete development projects on schedule or within budgeted amounts;
- The Fund may encounter delays or refusals in obtaining all necessary zoning, land use, building, and other required governmental permits and authorizations; and
- Occupancy rates and lease income at newly developed or redeveloped Properties may fluctuate depending on a number of factors, including market and economic conditions, and may result in the Fund's investment not being profitable.

In deciding whether to develop or redevelop a particular Property, the Fund makes certain assumptions regarding the expected future performance of that Property. The Fund may underestimate the costs necessary to bring the Property up to the standards established for its intended market position or may be unable to increase occupancy at a newly acquired Property as quickly as expected or at all. Any substantial or unanticipated delays or expenses could adversely affect the investment returns from these development or redevelopment projects and impair the Fund's operating results, liquidity and financial conditions.

Concentration of Investment in the Real Estate Sector. The Fund's investments will consist largely or entirely of investments in Properties or entities which own Properties directly or indirectly, though wholly-owned subsidiaries or through joint ventures. Such concentration in one economic sector may increase the volatility of the Fund's returns and may also expose the Fund to the risk of economic downturns in this sector to a greater extent than if its portfolio also included other sectors of the economy. As a result, economic downturns in this sector could have an adverse effect on the financial condition, results of operations and cash flow of the Fund.

The lack of liquidity in the Fund's investments may significantly impede the Fund's ability to respond to adverse changes in the performance of the Fund's Properties and may adversely affect the Fund's business. Because real estate investments are relatively illiquid, the Fund's ability to promptly sell one or more Properties in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Fund's control. The Fund cannot predict whether it will be able to sell any Property for the price or on the terms set by the Fund or whether any price or other terms offered by a prospective purchaser would be acceptable to the Fund. The Fund also cannot predict the length of time needed to find a willing and suitable purchaser.

The Fund may be required to expend the funds to correct defects or to make improvements before a Property can be sold. The Fund cannot assure any investor that the Fund will have funds available to correct those defects or to make those improvements. In acquiring a Property, the Fund may agree to transfer restrictions that materially restrict the Fund from selling that Property for a period of time or impose other restrictions, such as limitation on the amount of debt that can be placed or repaid on that Property.

Adverse economic and other conditions in the market could negatively affect the Fund's occupancy levels and lease rates and therefore, reduce potential returns on the Fund's investments. A part of the Fund's operating results

depends on the Fund's ability to maximize occupancy levels and lease rates in the Fund's sale/lease-back Properties and other income producing real estate assets. Adverse economic or other conditions in the markets in which the Fund operates may lower its occupancy levels and limit the Fund's ability to increase rents. If the Fund's Properties fail to generate revenues sufficient to meet the Fund's operating and other expenses, the Fund's operating results, its ability to make distributions to stockholders and common stock trading price could be adversely impacted. The following factors, among others, may negatively affect the results of the Fund's investments:

- local or regional real estate market conditions involving property leasing;
- period of economic slowdown or recession or rising interest rates or the public perception that any of these events may occur could result in general decline in rents or an increase in tenant defaults;
- increased operating costs, including need for capital improvements, insurance premiums, real estate taxes and utilities;
- changes in supply of, or demand for, similar or competing properties in an area;
- the impact of environmental protection laws;
- earthquake and other natural disasters, terrorist acts, civil disturbances or acts of war which may result in uninsured or underinsured losses; and
- changes in tax, real estate and zoning laws.

Unfavorable economic conditions also could increase the Fund's funding costs, limit the Fund's access to the capital markets or result in a decision by lenders not to extend credit to the Fund. These events could prevent the Fund from increasing investments and impair its operating results.

Any leasing delays or tenant bankruptcies the Fund encounters could adversely affect its results of operations and financial condition. The Fund may receive a portion of its income as lease payments under leases. Therefore, the Fund could be dependent upon the payment of lease payments and performance of other lease obligations, such as maintenance of Properties, payment of taxes, utilities and other charges and maintenance of insurance, by its tenants under the leases. The Fund has no control over the success or failure of its tenants' businesses and, at any time, any of its tenants may experience a downturn in its business that may weaken its financial condition. As a result, the Fund's tenants may delay lease commencement or renewal, fail to make lease payments when due or declare bankruptcy. Any leasing delays, tenant failures to make lease payments when due or tenant bankruptcies could result in the termination of the tenant's lease and, particularly in the case of a large tenant, material losses to the Fund and harm the Fund's ability to make distributions to its stockholders or otherwise operate its business.

If tenants are unable to comply with the terms of the Fund's leases, the Fund may be forced to modify lease terms in ways that are unfavorable to it. Alternatively, the failure of a tenant to perform under a lease or to extend a lease upon expiration of its term could require the Fund to declare a default, repossess the Property, find a suitable replacement tenant, operate the Property or sell the Property. There is no assurance that the Fund will be able to lease the Property on substantially equivalent or better terms than the prior lease, or at all, find another tenant, successfully reposition the

Property for other uses, successfully operate the Property or sell the Property on terms that are favorable to the Fund.

Any bankruptcy filings by or relating to one of the Fund's tenants could bar all efforts by the Fund to collect pre-bankruptcy debts from that tenant or seize its property, unless it receives an order permitting the Fund to do so from the bankruptcy court, which it may be unable to obtain. A tenant bankruptcy could also delay the Fund's efforts to collect past due balances under the relevant leases and could ultimately preclude full collection of these sums. If a tenant assumes the lease while in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to the Fund in full. However, if a tenant rejects the lease while in bankruptcy, the Fund would have only a general unsecured claim for pre-petition damages. Any unsecured claim the Fund holds may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. It is possible that the Fund may recover substantially less than the full value of any unsecured claims it holds, if any, which could adversely affect the Fund's results of operations and cash flow. Furthermore, dealing with a tenant bankruptcy or other default may divert management's attention and cause the Fund to incur substantial legal and other costs.

Uninsured Loss. The Fund will carry commercial general liability, fire, extended coverage and rental loss insurance covering all of its Properties with reputable carriers selected by the Manager and with policy specifications and insured limits which SSG FM believes are adequate and appropriate under the circumstances, given relative risk of loss, the cost of such coverage and industry practice. There are, however, certain types and magnitudes of losses that are not generally insured because it is not economically feasible to insure against such losses, such as losses due to riots or acts of war, or other losses that may not be insured or may be insured subject to certain limitations, including large deductibles or co-payments, such as losses due to floods or seismic activity. Should an uninsured loss or a loss in excess of insured limits occur with respect to one or more of the Fund's Properties, the Fund could lose its capital invested in such Properties, as well as the anticipated future revenue from such Properties and, in the case of debt which is with recourse to the Fund, the Fund would remain obligated for any mortgage debt or other financial obligations related to such Properties. Any such liability could adversely affect the financial condition, results of operations and cash flow of the Fund. Property insurance for the Fund's Properties may be provided pursuant to blanket policies that cover Properties owned by the Fund or its affiliates, or by other clients of SSG FM or its affiliates.

Debt Financing. Borrowings, either secured by Fund Properties (with or without recourse to the Fund's other assets) or unsecured, may be incurred, or assumed on acquisition of a Property by the Fund if SSG FM deems it to be in the best interests of the Fund. The Fund will be subject to risks normally associated with debt financing, including the risk that its cash flow after debt service will be insufficient to accumulate sufficient cash for distributions, the risk that existing indebtedness on the Fund Properties (which is unlikely to be fully amortized at maturity) will not be able to be refinanced or that the terms of available refinancing will not be as favorable as the terms of existing indebtedness. If principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new debt or equity capital, it is possible that the Fund's cash flow may not be sufficient in all years to repay all such maturing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the financial condition, results of operations and cash flow of the Fund. If a Property is mortgaged to secure payment

of indebtedness and the Fund is unable to meet mortgage payments, the Property could be foreclosed upon or otherwise transferred to the mortgagee, with a consequent loss of income and asset value to the Fund, which could have an adverse effect on the financial condition, results of operations and cash flow of the Fund.

Properties Owned Through Partnerships and Joint Ventures. The Fund may invest in joint ventures with developers or other unaffiliated persons or entities active in the real estate business, which may have significant impact on major decisions. The Fund may co-invest with and enter into joint ventures with SSG FM and its affiliates, or with separate investment entities sponsored or advised by SSG FM and its affiliates, including commingled funds with respect to which SSG FM or an affiliate has investment discretion. The Fund may not control co-investments with other SSG FM commingled funds and SSG FM may be removed as manager of such commingled funds. Joint venture investments involve the risks that the joint venturers might become bankrupt (in which event the Fund could remain liable for the obligations of such joint venture), that such joint venturers might at any time have economic or other business interests or goals which are inconsistent with the business interests or goals of the Fund, and that such joint venturers may be in a position to take action contrary to the Fund's instructions or requests or contrary to the Fund's policies or objectives. In addition, agreements governing joint ventures often contain restrictions on the transfer of a joint venturer's interest, "buy-sell" or similar provisions which may result in a requirement that the Fund purchase or sell its interest at a disadvantageous time or on disadvantageous terms. However, the Fund intends to invest in joint ventures only to the extent that it believes it can cause a disposition of its interest in such joint venture within a five year period following the acquisition of an interest therein. The occurrence of one or more of the events described above could have an adverse effect on the financial condition, results of operations and cash flow of the Fund.

Government Regulations. Governmental authorities at the federal, state and local levels are actively involved in the promulgation and enforcement of regulations relating to land use, zoning restrictions and environmental protection. A significant proportion of the Fund's Properties may undergo some level of renovation, expansion or development, which could trigger the operation of such regulations. Such regulations may inhibit or prevent planned renovation, expansion or development, thus reducing or eliminating the potential returns from the Properties. Even with respect to improved real estate, regulations may be promulgated which would have the effect of restricting or curtailing certain usages of existing structures, or requiring that such structures be renovated or altered in some fashion. Such regulations could have the effect of increasing the expenses, and of lowering the profitability, of any of the Properties affected thereby. If governmental authorities were to institute rent controls or other economic controls applicable to the Fund's Properties, the Fund's financial condition, results of operations and cash flow could be adversely affected.

Environmental Regulation. The Fund will engage environmental experts to conduct such on-site studies and studies of the history and current usage of Properties as it deems appropriate, and the Fund plans to take into account the cost of remediating or managing any identified contamination or other environmental concern in determining whether to make an investment. However, environmental studies cannot guarantee that the Fund will be aware of all contamination at the Properties it acquires and the costs of removal, management or remediation, either because such conditions were latent or because of changes in laws and regulations. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of investigation, remediation, management or removal of such substances may be substantial, and the presence of such substances or the failure to properly

remediate the contamination on such Property may adversely effect the owner's ability to sell or rent such Property or to borrow using such Property as collateral. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. Finally, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. In connection with its ownership and operation of real estate, the Fund may incur liability for such costs. Certain federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos containing materials ("ACMs") when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. Such laws may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real property for personal injury associated with ACMs. In connection with its ownership and operation of real estate, the Fund may incur liability for such costs.

The Fund operates in a highly competitive market for investment opportunities. A number of other investors and investment groups have recently raised, or are expected to raise, significant amounts of capital, and may have investment objectives that overlap with the Fund, which may create competition for investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that are not available to the Fund. In addition, some of the Fund's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Fund. The Fund cannot assure any investor that the competitive pressures the Fund faces will not have a material adverse effect on the Fund's business, financial condition and results of operations. As a result of this competition, the Fund may not be able to take advantage of attractive investment opportunities from time to time, and the Fund can offer no assurance that the Fund will be able to identify and make investments that are consistent with its investment objective.

Tax Risk

Changes in Tax Law and/or the Identity of Investor; No Gross-Up in Respect of Shares. All payments made by the Fund will be made without any deduction or withholding for or on account of any tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. Although the Fund anticipates that under current law no withholding tax or deduction will be imposed on the payments of interest, dividends or principal on Interests, there can be no assurance that, as a result of any change in any applicable law, treaty, rule, regulation, or interpretation thereof (whether by official or informal means) or a change in the composition of the Fund's investors, the payments on the Interests would not in the future become subject to withholding taxes or deductions. In the event that any withholding tax or deduction is imposed on payments of interest or other payments on the Interests, the Fund will not "gross-up" payments to the owners of the Interests (i.e., Member investors in the Fund).

Changes in Tax Law; Imposition of Tax on the Fund. Although none are anticipated, the Fund from time to time may take tax positions that may be subject to challenge by the Internal Revenue Service (the "IRS") or by other relevant governmental revenue authority. If the IRS or another governmental revenue authority does challenge such a position and they are successful, there may be substantial retroactive taxes, plus interest and possibly penalties. The Fund intends to operate so as not to be subject to U.S. federal income tax under current law. However, there can be no assurance that the Fund will not in the future be subject to tax by the United States or some other jurisdiction (depending

on where the Fund does business). The imposition of any such tax on the Fund would materially affect the Fund's net income.

Changes or modifications in existing judicial decisions or in the current positions of the IRS or of another governmental revenue authority, either taken administratively or as contained in published rulings and procedures (which changes or modifications may apply with retroactive effect), and the passage of new legislation, could substantially reduce, eliminate or modify the tax treatment outlined herein.

CONFLICTS OF INTEREST

The Managers are subject to certain conflicts of interest in connection with the operation of the Fund, as described below.

Investment Decisions of the Fund

The Manager makes all investment decisions for the Fund. A potential conflict of interest exists, because the Manager has a disincentive to replace itself as a manager even if such replacement may be in the best interests of the Fund and the Members.

Other Activities of Principals of the Manager

The Manager and its affiliates and principals are involved in other business, investment and trading activities, including management of other investment funds and accounts and their personal investments. The Manager, its principals and affiliates also may manage other funds and accounts in the future. While the Company Agreement and the Memorandum may limit total contributions that the Manager may accept on behalf of the Fund, there is no set limit to the amount of capital the Manager may accept for management generally in all of the accounts that they manage. While the Manager is obligated to use its reasonable efforts to further the businesses, purposes and activities of the Fund and to devote to such businesses, purposes and activities such of its time and activity (and the time and activity of its employees) as it shall reasonably determine to be necessary for the Fund to achieve its business objectives, it is not required to devote its full time or any material portion of its time to the Fund. The Manager and its affiliates may act, either individually or as a member, partner, shareholder, director, trustee, officer, official, employee or agent of any entity, in connection with any type of enterprise (whether for or not for profit), regardless of whether the Fund has dealings with or invests in such enterprise. No Member, as such, shall be entitled to any interest, economic or otherwise, in any such enterprise.

The Manager and/or its affiliates have an interest in, and is a general member of the New Haven Marinas project which will be the Fund's first investment.

Allocation of Trades

The Managers will exercise complete discretion as to which trades to execute for the Fund and which to execute for other accounts managed by the Manager (if any), and for trades executed for multiple accounts, as to the allocation of such trades among such accounts. The Manager may have an incentive to favor other accounts over the Fund. However, the Manager intends to allocate trading opportunities that are suitable for both the Fund and another account pro rata among such accounts based on the Manager's judgment as to the capital each account has available for allocation to such trade. Prospective investors should also note that other accounts have different investment mandates than the Fund and may execute different trades than the Fund and refrain from various trades the Fund executes.

Related Party Transactions

The Manager may engage certain third-party service providers to perform services for the benefit of the Fund. Certain of these service providers may be business entities that are related to the Manager or its principals. To avoid conflicts of interest, the Manager will enter into any related-party transaction on terms that are no more unfavorable to the Fund and its Members than are available from unrelated third party service providers.

SUMMARY OF TERMS

The following Summary of Terms governing a Member's investment in Class A Units of the SSG Recreation Fund 01, LLC (the "Fund") is qualified in its entirety and should be read in connection with the Company Agreement and Subscription Booklet of the Fund, copies of which are attached hereto as exhibits.

The Fund The Fund is a newly-formed limited liability company organized under the laws of the State of Texas. The Fund commenced operations in October 2023.

Investment Objective The objective of the Fund is to invest in commercial real estate opportunistically throughout the United States.

Manager The Fund will be managed by the Manager, SSG Fund Management, LLC, a Texas limited liability company ("SSG FM"). SSG FM is owned by South Silver Group, LLC whose board is chaired by Jay Personius. Biographical information regarding Mr. Personius and other members of the board is set forth above under the section of this Memorandum entitled "Management." The Manager will exercise exclusive control over the day-to-day management of the business affairs of the Fund. No Member in its capacity as such shall take part in the management of the Fund.

Closings The Fund is offering for investment to eligible third party investors up to Twenty Thousand (20,000) of its Class A Membership Interest Units (the "Class A Units") for an initial per Unit price of One Thousand Dollars (\$1,000) per Class A Unit.

The Fund is seeking an aggregate of \$20 million in Capital Contributions, although the Manager reserves the right to form the Fund with any amount of Capital Contributions.

The Fund will accept Capital Contributions for two (2) subclasses of Class A Units: Class A-1 Units and Class A-2 Units. The minimum Capital Contribution for the Class A-1 Units is \$300,000 for Three Hundred (300) Class A-1 Units, and the minimum Capital Contribution for the Class A-2 Units is \$50,000 for Fifty (50) Class A-2 Units. The Class A-1 Units and Class A-2 Units shall be identical except for

- (i) Carried interest.

Please see "Cash Distributions 3) Carried interest" below for a description of the different carried interest for the subclasses of the Class A Units.

The Manager may elect to close the Fund at any time prior to accepting Subscriptions for \$20 million in its discretion.

Eligible Investors

Class A Units may be purchased only by investors who qualify as “accredited investors” as defined in the Fund’s Subscription Agreement.

To comply with the United States Patriot Act requirements, the Manager may require additional identification information as necessary and as described in the Subscription Agreement. The Manager reserve the right to reject any investor for any reason or for no reason in its sole discretion. See Appendix A for additional information regarding the U.S. Patriot Act.

Subscriptions

The Fund will accept subscriptions for Capital Contributions from Members continuously during the Investment Period (as such term is defined below). Subscriptions generally will be accepted as of the first (1st) day of the month. The Fund shall hold the initial closing (the “Initial Closing”) of its acceptance of Capital Contributions from Members upon its receipt of Capital Contributions in amounts at least sufficient to fund the Fund’s first investment allocation. The Fund anticipates that this minimum amount will be \$500,000. Thereafter, the Manager may admit additional Members (or permit existing Members to increase their respective Capital Contributions) (collectively, “Additional Members”) at one or more subsequent closings (each a “Subsequent Closing” and, together with the Initial Closing, the “Closings”), that will take place during the period that is anticipated to extend to sixty (60) months after the Initial Closing, at which time the Fund will hold a final closing (the “Final Closing”). The period between the Initial Closing and the Final Closing is referred to herein as the “Investment Period.” The Manager may, in its sole discretion, extend the Investment Period by notice to all Members.

Members subscribing for an investment in Class A Units shall do so pursuant to the procedures set forth in the form Subscription Booklet attached hereto as Exhibit “II”.

Bridge Financing

The Fund may obtain a credit facility to finance Portfolio Investments. Such credit facility would be expected to be secured by a pledge or letter of credit of the Members’ undrawn Capital Contributions, and/or the equity in any Portfolio Investments, under terms customary with respect to such secured credit facilities. Members may be required to confirm the terms of their subscriptions directly to the lender, to honor capital calls made directly by the lender, and to execute other documents in connection with obtaining such facility as reasonably requested by the Manager or the lender. The cost and expenses of such credit facility, including interest, shall be considered a Fund Expense.

If a credit facility with reasonable terms is not available for financing, the Fund, in the sole discretion of the Manager, may borrow money from any Member in the Fund, provided that such loans are (i) at an annual rate of interest as may be mutually agreed upon by the Fund and the relevant Member and (ii) on terms no less favorable to the Fund than would be available in a transaction with an unaffiliated party. Any such loans will have no effect on such Member's Interest in the Fund and will be collectible solely from the Fund's assets in accordance with the terms and conditions upon which such loans were made.

Member Dilution

The Fund will be open for subscriptions to Class A Units continuously during the Investment Period. Generally, the Fund will notify existing Members of new investment opportunities identified by the Fund and the need of the Fund for additional Capital Contributions to invest in such opportunities. In the event that a Member does not contribute their pro rata share of additional Capital Contributions in connection with the Fund's investment activities, a Member's interest in the Fund will be diluted. Nevertheless, the diluted interest of a Member in the Fund ideally will relate to an overall increase in the value of the Fund's assets.

Reinvestment of Capital

In its sole discretion, the Manager may reinvest for the Fund any undistributed operating cash flow generated by the Portfolio Investments in addition to any undistributed proceeds from the sale or disposition of Portfolio Investments at any time during the Investment Period (the "Reinvestment Option").

Leverage

The combined leverage ratio of the Fund will not exceed the greater of Seventy-Five Percent (75%) of (A) of the combined aggregate Capital Contributions of the Fund, or (B) the Invested Capital. "Invested Capital" is the aggregate amount invested in Portfolio Investments beneficially owned by Fund at such date; plus (b) any Capital Contributions made to pay Fund Expenses incurred by the Fund; plus (c) any retained earnings owned by the Fund.

Affiliated Investors

The Manager, its principals and/or their affiliates intend to make Capital Contributions to the Fund's investment program. Affiliated investors do not bear the management and other fees and profit sharing in favor of the Manager, but do share *pro rata* in all other applicable expenses.

Term; Withdrawals

The Fund will invest and reinvest Capital Contributions of the Members during the period that is five (5) years from the Initial Closing, but such time period may be extended at the discretion of the Manager (the "Investment Period").

Members may request a withdrawal of all or a portion of their Capital Contributions beginning forty-eight (48) months after the date of the

Member's initial investment. The Fund shall pay withdrawal requests with available cash on hand, but shall not have an obligation to sell Fund assets to pay for withdrawal requests. The Manager has the sole discretion to pay or deny withdrawal requests so as to manage Fund assets in the best interests of the Fund and all its Members.

**Fund Expenses;
Manager Overhead**

The Fund bears the expenses of its organization and the offering of Class A Units (including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses and out-of-pocket expenses).

The Fund bears all costs and expenses directly related to its investment program, including without limitation expenses related to underwriting and private placements, interest on debt balances or borrowings, and professional services fees charged by consultants and attorneys.

The Fund also bears all out-of-pocket costs related to its administration, including accounting, audit and legal expenses, costs of any litigation or investigation involving the Fund's activities, and costs associated with reporting and providing information to existing and prospective Members. However, the Manager may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Fund.

The Fund does not have its own employees or office, and does not pay or reimburse the Manager for salaries, office rent and other general overhead costs of the Manager.

Expenses of the Fund may include reimbursement of Manager principals for expenses incurred, or payments for services rendered in connection with the organization of the Fund.

Management Fees

In consideration for its management services to the Fund, the Fund will pay the Manager an annual investment management fee (the "Management Fee") equal to Two Percent (2%) per annum of the greater of (i) the Class A Member's Capital Contributions (regardless of subclass); or (ii) the Gross Asset Value of the Fund's assets. The Management Fee shall be payable by the Fund quarterly in arrears on the last business day of each fiscal quarter. The Manager reserves the right to waive or reduce the Management Fee either permanently or temporarily in its sole discretion.

The Management Fee will accrue as of the date of the Initial Closing, regardless of when a Member is admitted. Additional Members admitted after the Initial Closing will be required to pay Management Fees as if such Members participated in the Initial Closing.

Although paid by the Fund, the Management Fee expense will be specially allocated to all Members in the Fund in accordance with their

respective Capital Contributions to the Fund. If the Management Fee is waived or reduced for a particular Member, the other Members shall only be responsible for their pro rata portion of the Management Fee based upon their Capital Contribution to the Fund.

The Manager may share a portion of its Management Fee with certain placement agents, authorized dealers, or independent third parties for services provided in connection with the solicitation of subscriptions. In certain circumstances, fees are negotiable. The Manager may from time to time agree to certain fee concessions, including fee rebates to clients.

Placement Fee

In consideration for its due diligence, underwriting, and other acquisition services to the Fund to find suitable target investments, the Fund will pay the Manager a placement fee (the "Placement Fee") equal to One and One-Half Percent (1.5%) of the amount invested in each Investment Vehicle. This Placement Fee will not be paid until the Fund has invested at least \$500,000 in one or more Investment Vehicles. Thereafter, the Placement Fee shall be paid with respect to all subsequent amounts invested in Investment Vehicles.

**Use of Affiliates Services;
Related Party
Transactions**

The Managers may retain one or more of its affiliates to perform services for the Fund on terms no less favorable to the Fund than those available from unaffiliated third parties for a comparable level of quality and service.

For additional information about Fund related-party transactions, please see above under "Conflicts of Interest -- Related Party Transactions."

Cash Distributions

The Manager will make distributions of Available Cash in such amounts as the Manager shall determine; provided however, the Manager will retain cash to pay for the Fund's operating expenses, establishing appropriate reserves for capital expenditures and new Fund asset acquisitions, contingent liabilities, and such other purposes deemed necessary by the Manager.

The Fund may make distributions in-kind in the sole discretion of the Manager. Any distributions in-kind made by the Fund will be distributed among the Members in proportion to each Member's respective Capital Contributions.

All cash available for distribution by the Fund, in excess of amounts retained by the Fund (as determined in the good faith discretion of the Manager) to: (i) pay organizational and offering expenses, (ii) pay all other Fund Expenses (including Management Fees), (iii) fund reserves (including, without limitation, reserves required for new Portfolio Investments or renovations to existing Portfolio Investments, and

other capital expenditures, working capital, expenses or other liabilities or contingencies of the Fund as determined in the sole discretion of the Manager), (iv) fund anticipated payments on indebtedness of the Fund and (v) pay any required tax withholdings (collectively, "Available Cash"), shall, subject to the Reinvestment Option and the requirements as to Tax Distributions as described below, be distributed to the Members in the following amounts and order of priority:

1. *Preferred Return.* First, 100% to the Class A Members in proportion to the number of Class A Units held by each (regardless of subclass), until the Class A Members shall have received a preferred return equal in amount to Eight Percent (8%) per annum of each Class A Member's Unreturned Capital Contribution.
2. *Return of Capital.* Second, 100% to the Class A Members (regardless of subclass in proportion to their respective aggregate unreturned Capital Contributions until the cumulative amount distributed to each Member, taking into account all prior distributions, equals each Member's aggregate Unreturned Capital Contributions.
3. *Carried Interest.* Next, cash available for distribution shall be split into the "Class A-1 Portion" and the "Class A-2 Portion" (as such terms are defined here). The Class A-1 Portion shall be paid 97% to the Class A-1 Members pro rata according to the number of Class A-1 Units held by each and 3% to the Class B Members pro rata according to the number of Class B Units held by each, and the A-2 Portion shall be paid 94% to the Class A-2 Members pro rata according to the number of Class A-2 Units held by each and 6% to the Class B Members pro rata according to the number of Class B Units held by each.

Tax Distributions:

The Manager may make cash distributions from the Fund (after taking into account any other distributions received by the Manager and Members in such fiscal year) in amounts sufficient to enable the Members and the Manager to discharge any U.S. federal, state and local tax liabilities (including any estimated tax liabilities) arising as a result of the Manager's or the Member's Interests in the Fund, determined by assuming the applicability of the highest combined effective marginal U.S. federal, state and city income tax rates applicable to the Manager, its members, and the Members. Such distributions shall reduce future distributions to which the Members are otherwise entitled as described above. The Manager shall have no obligation to make tax distributions, and shall manage the assets of the Fund in a manner that is in the best interests of the Fund and all its Members.

If the Manager is required by applicable law to withhold tax with respect to a Member and to pay over such withheld amount to a taxing authority, such payment generally will be treated as if it were a distribution to such Member.

Allocation of Income, Expenses, Gains and Losses:

Income, expenses, gains and losses of the Fund will generally be allocated among the Members in a manner consistent with the distribution of proceeds described in "Distributions" above.

Dissolution and Liquidation

Dissolution of the Fund will occur at the conclusion of its term, and may occur upon the occurrence of other events, including without limitation any event which results in the Manager ceasing to be the Manager of the Fund. Upon the occurrence of any such event, the Manager (or a liquidator elected by a majority in interest of the Members, if the Manager is unable to perform this function) is charged with winding up the affairs of the Fund, liquidating its assets to the extent feasible and making liquidating distributions *pro rata* in accordance with the distribution schedule set forth above and otherwise in accordance with the Fund's Company Agreement.

Transfers

With certain exceptions set forth in the Company Agreement, Class A Units are not transferable except with the prior written consent of the Manager, which consent may be withheld in the Manager's sole discretion. In addition to any other terms or conditions the Manager may choose in its sole discretion to impose on such transfer, the Manager will not permit the transfer of any Member's Interest unless it receives an opinion of counsel from such Member in form and substance satisfactory to the Manager and its counsel to the effect that such transfer will not constitute a violation of any applicable federal or state securities laws. The Manager will require any transferee or assignee of any Member to agree in writing to be bound by the Company Agreement.

Duty of Care; Indemnification

The Company Agreement provides that the Manager and its affiliates are not liable to the Fund or the Members for any loss or damage arising by reason of being or having been the Manager or from any acts or omissions in the performance of their services as Manager in the absence of willful misconduct, recklessness, or gross negligence or as otherwise required by law, and contains provisions for the indemnification of the Manager and their affiliates by the Fund (but not by the Members individually) against any liabilities arising by reason of being or having been the Manager, or in connection with the Company Agreement, or the Fund's business or affairs to the fullest extent permitted by law. The Manager is not personally liable to any Member for the repayment of any positive balance in such Member's capital account or for contributions by such Member to the capital of

the Fund or by reason of any change in the federal or state income tax laws applicable to the Fund or its investors.

**Non-Exclusivity;
Allocation of
Opportunities**

None of the officers, managers, members, employees or affiliates of the Fund or the Manager are precluded from engaging in or owning an interest in other business ventures or investment activities of any kind, whether or not such ventures are competitive with the Fund.

The Fund's Company Agreement requires that the Manager act in a manner that it considers fair, reasonable and equitable with respect to the Fund and the Members; provided however, the Company Agreement does not impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Fund or any restrictions on the nature or timing of investments for the account of the Fund and for the Manager's own account or for other accounts that the Manager or its affiliates may manage. The Manager is not obligated to devote any specific amount of time to the affairs of the Fund and is not required to accord exclusivity or priority to the Fund with respect to investment opportunities.

Situations may occur where the Fund could be disadvantaged because of the investment activities conducted by the Manager or the Manager's affiliates for their own or other investment accounts.

For additional disclosure regarding the allocation of trades between the Fund and other accounts managed by the Manager and its affiliates, please see the section of this Memorandum entitled "Conflicts of Interest – Allocation of Trades."

Valuations; Reserves

The Fund's assets are valued by the Manager in a manner consistent with written valuation policies.

Appropriate reserves may be accrued and charged against net assets and proportionately against the capital accounts of the Members for contingent liabilities, such reserves to be in the amounts (subject to increase or reduction) that the Manager in its sole discretion deem necessary or appropriate. At the sole discretion of the Manager, the amount of any such reserve (or any increase or decrease therein) may be charged or credited, as appropriate, to the capital accounts of those investors who are Members at the time when such reserve is created, increased, or decreased, as the case may be, or alternatively may be charged or credited to those investors who were Members at the time of the act or omission giving rise to the contingent liability for which the reserve was established.

If the Manager determines that it is equitable to treat an amount to be paid or received as being applicable to one or more prior periods, then such amount may be proportionately charged or credited, as

appropriate, to those persons who were Members during any such prior period.

Investment Adviser Act of 1940 and Investment Company Act of 1940

The Fund will not be registered as an investment company under the U.S. Investment Company of 1940, as amended (the "1940 Act") in reliance upon the exclusion from the definition of an "investment company" provided by Sections 3(c)(1) and/or 3(c)(5) thereof.

The Manager does not intend to register as an "investment adviser" under the U.S. Investment Advisers Act of 1940, as amended, or the investment adviser registration regime under the laws of any of the states. If registration as an investment adviser is deemed to be a requirement, the Manager will qualify as a "private fund adviser" under the exemption from the Texas investment adviser registration rules found at Rule § 139.23 of Title 7, Part 7 of the Texas Administrative Code, titled "Registration Exemption for Investment Advisers to Private Funds", and will take the necessary steps to avail itself of such exemption.

Fiscal Year

The Fund has a fiscal year ending on December 31 of each calendar year.

Reports to Members

The Fund furnishes to its Members as soon as practicable after the end of each taxable year (or as otherwise required by law) annual reports containing financial statements as well as such tax information as is necessary for each Member to complete federal and state income tax or information returns, along with any other tax information required by law. The Managers select the Fund's independent accountants in their sole discretion.

The Managers will endeavor to provide Members with estimates of the taxable income or loss allocated to their investment in the Fund with respect to any fiscal year on or before April 15 of the immediately following fiscal year, but since final Schedules K-1 will not be available, **Members may be required to obtain extensions of the filing date for their income tax returns at the Federal, state and local levels.**

Tax Status

The Fund itself should not be subject to U.S. federal income taxation. Each Member otherwise subject to U.S. federal income tax is required to include in such Member's taxable income such Member's share of the Fund's income and gains, when realized by the Fund (regardless of cash distributions from the Fund to such Member), and may claim, to the extent allowable, such Member's share of the Fund's losses and deductions. Due to the nature of the Fund's activities, the Fund's income or loss for U.S. federal income tax purposes for a particular taxable period may differ from its financial or economic results. The deductibility of a Member's share of any Fund losses or deductions

may be limited. See Appendix B for a discussion of the tax consequences associated with an investment in the Fund.

ERISA

The Managers intend to use reasonable best efforts to either (i) prohibit plans subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or Section 4975 of the Code from investing in the Fund or (ii) provide that investment by “benefit plan investors” in the Fund will not be “significant.” Additional information regarding the application of ERISA to the Fund’s operations is set forth on Appendix C attached hereto.

**Amendment of the
Company Agreement**

The Company Agreement may be amended by written agreement of Members holding a Majority of Interests.

Notwithstanding the foregoing, the Manager may amend the Company Agreement without the consent of any Member at any time (i) to comply with applicable laws and regulations; (ii) to make changes that do not adversely affect the rights or obligations of any Member; (iii) to cure any ambiguity or correct or supplement any conflicting provisions of the Company Agreement; or (iv) with respect to any other amendment, if any Member objecting to such amendment has an opportunity to withdraw from the Fund as of a date that is not less than forty-five (45) days after the Manager has furnished written notice of such amendment to each Member and that is prior to the effective date of the amendment.

The Manager has the absolute discretion to agree with a Member to waive or modify the application of any provision of the Company Agreement with respect to such Member, without obtaining the consent of any other Member (other than a Member who is materially and adversely affected by such waiver or modification).

Legal Counsel

Grable Martin PLLC, through Roland Wiederaenders, Attorney at Law, Dallas, Texas, serves as legal counsel to the Fund.

INQUIRIES

Inquiries

All inquiries, questions and correspondence related to the offering and the investor flow, are to be addressed directly to the Manager as detailed on the front page of Exhibit II and as denoted here.

Manager:
SSG FUND MANAGEMENT 01, LLC

Attention: Investor Relations - SSG Recreation Fund 01
c/o South Silver Group LLC
516 E. Byron Nelson Blvd., #1670
Roanoke, Texas 76262-9998
Phone: 817/720-0170
investing@southsilvergroup.com

All questions and correspondence related to, and submission of, the subscription, are to be addressed directly to the Administrator as detailed on the front page of Exhibit II and as denoted here:

Administrator:
SSG Recreation Fund 01 LLC
c/o NAV Consulting, Inc.
Attention: Transfer Agency Services
1 Trans Am Plaza Drive, Suite 400
Oakbrook Terrace, Illinois 60181
United States
Phone1: 630/954-1919 Phone2: 345/946-5006
Fax1: 630/596-8555 Fax2: 345/946-5007
Fax3: 630/954-2881
transfer.agency@navconsulting.net

* * * * *

This Confidential Private Placement Memorandum does not purport to be and should not be construed as a complete description of the Fund's Company Agreement, a copy of which is attached hereto as Exhibit I. Any potential investor in the Fund must review the Company Agreement carefully, in addition to consulting appropriate legal and tax counselors.

APPENDIX A USA PATRIOT ACT

The USA PATRIOT Act (the “Patriot Act”), adopted in the wake of the events of September 11, 2001, requires that all financial institutions, including private investment funds such as the Fund, implement policies and procedures (“AML Programs”) designed to guard against and identify money laundering activities. Under the Patriot Act and the Fund’s own AML Program adopted pursuant to the Patriot Act, the Fund is required to confirm the identity of each investor to the extent reasonable and practicable, including the principal beneficial owners of an investor, if applicable. New investors, and additional capital from existing investors, can be accepted only after the Manager has confirmed the identity of the investor and the principal beneficial owners of the investor, if applicable, unless the Manager concludes that it can rely on the diligence of a third party with respect to such investor.

The Fund is required to undertake enhanced due diligence procedures prior to accepting investors the manager believes present high risk factors with respect to money laundering activities. Examples, although not comprehensive, of persons posing high risk factors are persons resident in or organized under the laws of a “non-cooperative jurisdiction” or other jurisdictions designated by Treasury as warranting special measures due to money laundering concerns, and any person whose capital contributions originate from or are routed through certain banking entities organized or chartered in a non-cooperative jurisdiction.

In addition, the Fund is prohibited from accepting subscriptions from or on behalf of:

- persons on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Asset Control;
- the Annex to Executive Order 13224;
- such other lists as may be promulgated by law or regulation; and
- foreign banks unregulated in the jurisdiction they are domiciled in or which have no physical presence.

The requirements for the Manager to guard against and identify money laundering activities in deciding whether to accept subscriptions are in addition to the discretion that the Manager has in deciding whether to accept subscriptions.

APPENDIX B TAXATION

The tax advice contained in this document is not given in the form of a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, a taxpayer cannot rely upon any advice contained in this document for the purpose of avoiding United States federal tax penalties. The tax advice contained in this document was written to support the promotion or marketing of the transactions or matters described in this document. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Introduction

The following is a summary of certain aspects of the taxation of the Fund that should be considered by a prospective Member. The Fund has not sought a ruling from the Internal Revenue Service (the "Service") or any similar state, local or foreign authority with respect to any of the tax issues affecting the Fund, nor have they obtained an opinion of counsel with respect to any federal, state, local or foreign tax issues.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), judicial decisions and the Treasury Regulations promulgated under the Code (the "Regulations"), and state and local tax laws, in force on the date of this Memorandum. Changes in existing laws and their interpretation may occur after the date of this Memorandum and could alter the income tax consequences of an investment in the Fund. This summary does not discuss the tax consequences that may be relevant to an investment in the Fund by a non-U.S. person and assumes that no non-U.S. person will make such an investment. Nor does this summary discuss all of the tax consequences that may be relevant to a prospective Member that is subject to special treatment under the federal income tax laws, such as insurance companies, financial institutions or securities dealers.

EACH PROSPECTIVE LIMITED PARTNER IS URGED TO CONSULT ITS TAX ADVISOR IN ORDER TO UNDERSTAND FULLY THE FEDERAL, STATE, LOCAL AND ANY FOREIGN TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND IN ITS PARTICULAR SITUATION.

Classification of the Fund

The Manager believes that, under the provisions of the Code and the Regulations as currently in effect, the Fund will be treated for Federal income tax purposes as a partnership and not as an association taxable as a corporation.

Certain "publicly traded partnerships" are treated as associations that are taxable as corporations for U.S. Federal income tax purposes. A publicly traded partnership is any partnership the interests in which are traded on an established securities market or which are readily tradable on a secondary market (or the substantial equivalent thereof). Interests in the Fund will not be traded on an established securities market. Regulations concerning the classification of partnerships as publicly traded partnerships provide certain safe harbors under which interests in a partnership will not be

considered readily tradable on a secondary market (or the substantial equivalent thereof). Depending on the number of partners, the Fund may qualify for a safe harbor.

Taxation of Fund Operations and Investments

If the Fund is treated as a partnership, the Fund will not itself be subject to federal income tax. Each Member is required to report separately on its income tax return its distributive share of the Fund's net long-term and short-term capital gain or loss and net ordinary income and deductions and credits. Each Member is liable for any taxes owed upon its distributive share of the income or gains realized by the Fund, and may claim deductions for its distributive share of the Fund's losses and deductions and credits for its distributive share of the Fund's credits, to the extent allowed under the Code. Each Member is taxed on its distributive share of the Fund's taxable income and gain regardless of whether it has received or will receive a distribution from the Fund.

The Fund will file an annual partnership information return with the Service that reports the results of its operations for the taxable year, and will distribute annually to each Member a form, called Schedule K-1, showing its distributive share of the Fund's items of income, gain, loss, deduction and credit. The Manager will have the authority to decide how to report Fund items on the Fund's partnership tax returns, and all Members are required under the Company Agreement to treat the items consistently on their own returns. In the event the income tax returns of the Fund are audited by the Service, the tax treatment of the Fund's income and deductions generally will be determined at the Fund level in a single proceeding rather than by individual audits of the Members. In this regard, one of the Fund's Members as the "Partnership Representative" will have the authority to bind all the Members to settlement agreements and extend the statute of limitations relating to the Members' tax liabilities with respect to the Fund's partnership items.

Under the Company Agreement, for Federal income tax purposes, the Manager have the discretion to allocate specially an amount of the Fund's net gains (or items of gross income) to a withdrawing Member to the extent that the Member's capital account exceeds its Federal income tax basis in its Interest. There can be no assurance that, if the Manager make such a special allocation, the Service will accept such allocation. If such allocation is successfully challenged by the Service, the Fund's gains allocable to the remaining Members would be increased.

The Manager expect the Fund to act as a trader or investor, and not as a dealer, with respect to its securities transactions. Generally, the gains and losses realized by a trader or investor on the sale of securities are capital gains and losses. Thus, the Manager expect that the Fund's gains and losses from its securities transactions typically will be capital gains and capital losses. These capital gains and losses may be long-term or short-term depending, in general, upon the length of time the Fund maintains a particular investment position and, in some cases, upon the nature of the transaction. Property held for more than 12 months generally will be eligible for long-term capital gain or loss treatment.

Under the Company Agreement, the Manager have the authority to elect on behalf of the Fund, under Section 754 of the Code, to adjust the tax basis of the Fund's assets in connection with certain distributions to Members or certain transfers of interests in the Fund. Such an election, if made, could affect the amount of a Member's distributive share of the gain or loss recognized by the Fund upon the disposition of its assets.

Taxation of Distributions and Withdrawals

Cash nonliquidating distributions and withdrawals, to the extent they do not exceed a Member's adjusted tax basis in its interest in the Fund, will not result in taxable income to that Member, but will reduce its adjusted tax basis in its limited partnership interest by the amount distributed or withdrawn. Cash distributed to a Member in excess of such Member's adjusted tax basis in its limited partnership interest is generally taxable as capital gain.

Upon the withdrawal of a Member receiving a cash liquidating distribution from the Fund, such Member generally will recognize capital gain or loss to the extent of the difference between the proceeds received by the withdrawing Member and such Partner's adjusted tax basis in its limited partnership interest. Such capital gain or loss is short-term or long-term depending upon the Partner's holding period for its interest in the Fund. However, a withdrawing Member will recognize ordinary income to the extent such Partner's allocable share of the Fund's "unrealized receivables" exceeds the Partner's adjusted tax basis in such unrealized receivables (as determined pursuant to the Regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Fund are treated as an unrealized receivable, with respect to which a withdrawing Member would recognize ordinary income.

Distributions of property other than cash, whether in complete or partial liquidation of a Member's interest in the Fund, generally do not result in the recognition of taxable income or loss to the Member (except to the extent such distribution is treated as made in exchange for such Member's share of the Fund's unrealized receivables). However, a distribution of marketable securities will be treated as a distribution of cash (which, as described above, can require the recognition of gain by the recipient Member), unless the distributing partnership is an "investment partnership" and the recipient is an "eligible partner" as defined in Section 731(c) of the Code. Although the Manager cannot provide any assurances of whether the Fund is an "investment partnership" for these purposes, the Manager anticipate that the Fund should qualify as an "investment partnership." Thus, if a Member is an "eligible partner," which term should include a Member whose sole contributions to the Fund consisted of cash, a distribution of marketable securities to such Member should not require the recognition of gain by such Member. Additionally, assuming the Fund has not made an election pursuant to Section 754 of the Code, distributions of property or cash by the Fund to a Partner in redemption of its Interest may require the Fund to reduce the tax basis of its remaining property.

As discussed above, the Manager have the discretion to allocate specially an amount of the Fund's net gains (or items of gross income) for Federal income tax purposes to a withdrawing Partner to the extent that the Partner's capital account exceeds its Federal income tax basis in its Interest. Such a special allocation may result in the withdrawing Partner recognizing taxable income, which may include short-term gain or ordinary income, in the Partner's last taxable year in the Fund, thereby reducing the amount of long-term capital gain recognized during the tax year in which it receives its liquidating distribution upon withdrawal.

Limitations on Losses and Deductions

Members may be limited in their ability to deduct expenses or losses of the Fund. For instance, if or to the extent that the Fund's operations do not constitute a "trade or business" within the meaning of Section 162 and other provisions of the Code, an individual Member's distributive share of the Fund's expenses (including any amounts that are treated for tax purposes as expenses of the

Fund) would be deductible only as itemized deductions, subject to the limitations of Sections 67 and 68 of the Code. These limitations will apply, however, to the individual and certain types of corporate Members' shares of the investment expense of the Fund.

The consequences of these limitations will vary depending upon the particular tax situation of each taxpayer. Accordingly, non-corporate Members should consult their tax advisers with respect to the application of these limitations.

No deduction is allowed for any placement fees paid by a Member to acquire an Interest, and no deduction would be allowed for any Member for other Fund expenditures attributable to placement services. Instead any such fees will be included in the Member's adjusted tax basis for its Interest.

Tax-Exempt Investors; Unrelated Business Taxable Income

A Member that is an organization exempt from tax under Section 501(a) of the Code (a "Tax-Exempt U.S. Investor") will be subject to tax on its allocable share of the Fund's income that is considered to be "unrelated business taxable income" ("UBTI") as defined in Section 512 of the Code, and may be subject to the alternative minimum tax with respect to items of tax preference which enter into the computation of UBTI. Section 512(b) of the Code provides that UBTI generally does not include dividends, interest, and gain or loss from the disposition of property other than stock in trade or property held for sale in the ordinary course of the unrelated trade or business. Therefore, in light of the Fund's investment program, a Tax-Exempt U.S. Investor should not realize UBTI to the extent that its distributive share of the Fund's income consists of dividends, interest, capital gains and certain other items which are excluded from unrelated business taxable income under Section 512(b) of the Code (except to the extent any such income constitutes "UDFI", as discussed in the next paragraph).

A Tax-Exempt U.S. Investor also is subject to tax with respect to its, and its allocable share of the Fund's "unrelated debt-financed income" pursuant to Section 514 of the Code ("UDFI"). In general, UDFI consists of (i) income derived by a tax-exempt organization from income-producing property with respect to which there is "acquisition indebtedness" at any time during the taxable year and (ii) gains derived by a tax-exempt organization from the disposition of property with respect to which there is "acquisition indebtedness." For these purposes, (i) a Member is deemed to own a proportionate share of the Fund's debt-financed property and the income attributable thereto, and (ii) a short sale of publicly traded stock will not create "acquisition indebtedness" unless the Fund borrows funds to post collateral against such short sale.

The Fund may generate income attributable to debt-financed property which will be attributed to the Member, including any Tax-Exempt U.S. Investors. A Tax-Exempt U.S. Investor's share of the Fund's income which is treated as UBTI may be significant (depending upon the degree of leverage utilized by the Fund. In addition to other relevant considerations, fiduciaries of employee pension trusts and other prospective tax-exempt investors should consider the consequences of realizing UBTI in making a decision whether to invest in the Fund.

We urge Tax-Exempt U.S. Investors that are sensitive to UBTI to consult their tax advisors as to the tax consequences of investing in the Fund.

Investor Tax Filings and Record Retention

The U.S. Treasury Department has adopted regulations designed to assist the Internal Revenue Service in identifying abusive tax shelter transactions. In general, the regulations require investors in specified transactions (including certain investors in partnerships that engage in such transactions) to satisfy certain special tax filing and record retention requirements. Significant monetary penalties (in addition to penalties of general application that may be imposed for failure to comply with Treasury Regulations) may be incurred as a result of a failure to comply with these tax filing and record retention rules.

The Treasury Regulations are broad in scope and it is conceivable that the Fund may enter into transactions that will subject the Fund and certain Members to the special tax filing and record retention rules. Additionally, a Member's recognition of a loss on its disposition of its Class A Units could in certain circumstances subject such Member to these rules. The Manager intends to use its best efforts to provide the information necessary for Members to comply with these tax filing and record retention rules.

Taxation of Membership Interests -- State and Local Taxes

In addition to the federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local laws often differ from federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A Member's distributive share of the taxable income or loss of the Fund generally is required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which it is a resident. Additionally, the asset-based lending activities of the Fund may be deemed to constitute the conduct of a trade or business in one or more states, subjecting Members' distributive shares of the income from such activities to tax and certain filing requirements in such states. Prospective investors should consult their tax advisors regarding the state tax effects of investing in the Fund.

Taxation of Membership Interests -- Other Taxes

The Fund and its Members may be subject to other taxes, such as the alternative minimum tax and estate, inheritance or intangible property taxes that may be imposed by various jurisdictions. Each prospective investor should consider the potential consequences of such taxes on an investment in the Fund. It is the responsibility of each prospective investor to satisfy himself as to, among other things, the legal and tax consequences of an investment in the Fund, under the laws of the state(s) of its domicile and its residence, by obtaining advice from its own tax counsel or other advisor, and to file all appropriate tax returns that may be required.

The foregoing is a summary of some of the important tax rules and considerations affecting the Members, the Fund, and the Fund's proposed operations and does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing or holding an interest in the Fund. The foregoing does not address tax considerations affecting investors which are not U.S. persons. Prospective investors in the Fund are urged to consult their own tax advisors.

Nothing in this Memorandum should be construed as tax, legal or financial advice.

APPENDIX C ERISA CONSIDERATIONS

ERISA Matters

The following section sets forth certain consequences under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Internal Revenue Code of 1986, as amended (the “Code”) which the fiduciary of an “employee benefit plan” as defined in and subject to ERISA or of a “plan” as defined in Section 4975 of the Code who has investment discretion should consider before deciding to invest the plan’s assets in the Fund (such “employee benefit plans” and “plans” being referred to herein as “Plans”, and such fiduciaries with investment discretion being referred to herein as “Plan Fiduciaries”). The following summary is not intended to be complete, but only to address certain questions under ERISA and the Code which are likely to be raised by the Plan Fiduciary’s own counsel.

In general, the terms “employee benefit plan” as defined in ERISA and “plan” as defined in Section 4975 of the Code together refer to any plan or account of various types which provide retirement benefits or welfare benefits to an individual or to an employer’s employees and their beneficiaries. Such plans and accounts include, but are not limited to, corporate pension and profit-sharing plans, “simplified employee pension plans”, KEOGH plans for self-employed individuals (including partners), individual retirement accounts described in Section 408 of the Code and medical plans.

Plans investing in the Fund have no assurance of a full return of the amount invested. Investments in the Fund are subject to risks that otherwise may not be the case with investments in publicly traded securities and other types of traditional investments. Each Plan Fiduciary must carefully consider the appropriateness of investing the assets of its Plan in the Fund under such circumstances and, before deciding to invest in the Fund, must be satisfied that investment in the Fund is prudent for the Plan, that the investments of the Plan, including its investment in the Fund, are diversified so as to minimize the risks of large losses and that an investment in the Fund complies with the documents of the Plan and related trust.

Ineligible Purchasers. Interests may not be purchased with the assets of a Plan if the Manager, any selling agent, finder, any of their respective affiliates or any of their respective employees (a) has investment discretion with respect to the investment of such plan assets; (b) has authority or responsibility to give or regularly gives investment advice with respect to such plan assets, for a fee, and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such plan assets and that such advice will be based on the particular investment needs of the Plan; or (c) is an employer maintaining or contributing to such Plan. A party that is described in clause (a) or (b) of the preceding sentence is a fiduciary under ERISA and the Code with respect to the Plan, and any such purchase might result in a “prohibited transaction” under ERISA and the Code. Notwithstanding the foregoing, if a selling agent notifies the Plan that it has waived or rebated receipt of all selling commissions from the Manager with respect to the Plan's

purchase of Interests, in general, the Plan may purchase Interests even if the selling agent is described in clause (a) or (b) of the first sentence of this paragraph.

“Plan Asset” Consequences. The United States Department of Labor (the “DOL”) has adopted regulations which treat the assets of certain pooled investment vehicles as plan assets. Under those regulations, when a Plan invests in certain entities (such as the Fund) its assets are considered to include an undivided interest in each of the underlying assets of the entity for purposes of the reporting, disclosure, prohibited transaction and fiduciary responsibility provisions of ERISA and the Code. The regulations set forth certain general exceptions to this rule, including exceptions for Plan investments in entities which are “operating companies” or in which there is no “significant investment” by “benefit plan investors.” “Benefit plan investors” include (i) employee benefit plans subject to ERISA, (ii) governmental plans, foreign plans, Keogh plans, and other plans exempt from ERISA, and (iii) other entities whose assets are deemed to be plan assets by reason of a plan’s investment in the entity.

An entity is considered to have no “significant investment” by benefit plan investors if, immediately after the most recent acquisition of an equity interest, the equity participation by benefit plan investors is less than 25% of the value of any class of equity interests in the entity. In applying this exception to the Fund, the value of any equity interest held by a person who has discretionary authority or control with respect to the assets of the Fund (including the Manager and certain partners, officers and employees of the Manager and/or the Fund) or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or an affiliate of any such person, is to be disregarded in determining whether the equity participation by benefit plan investors is less than 25% of any class of equity interest.

It is possible that the Fund will have “significant investment” by benefit plan investors. If the Fund has “significant investment” by benefit plan investors, the Manager will notify investors of the Fund’s status under ERISA. In the event that the Fund’s assets would be treated as plan assets, the following ERISA issues should be considered.

Fiduciary Status. If the underlying assets of the Fund are considered assets of the investing Plans, the Manager, as fiduciaries of the Fund, will be a “party in interest” as defined in ERISA and a “disqualified person” as defined in the Code with respect to the Plan. Generally, the fiduciary provisions of ERISA require fiduciaries of a Plan, such as the Manager, to act for the exclusive benefit of the participants and the beneficiaries of the Plans whose assets they manage, to employ the care, skill, prudence and diligence that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, to diversify investments so as to minimize the risks of large losses, and to comply with constituent documents of such Plans. The Plan Fiduciary of a Plan, and not the Manager as an investment manager of only a portion of a Plan’s assets, is responsible for the overall diversification of the assets of such Plan.

If the underlying assets of the Fund are considered assets of the investing Plans, the Manager will qualify as an “investment manager” of each Plan investor, provided that a “named fiduciary” (as described in ERISA) of the Plan (or an agent of such “named fiduciary”) properly appoints the Manager as an investment manager with respect to such Plan. Such appointment will be made in the Subscription Agreement of each Plan investor and the Manager will acknowledge therein that it is a fiduciary of such Plan investor. As a result of such appointment, each Plan Fiduciary will be liable only with respect to the decision to appoint and retain the Manager as a fiduciary with authority to manage

the assets of the Fund. The Plan Fiduciary and other fiduciaries of such Plan, excluding the Manager, generally will not be liable for the acts and omissions of the Manager. However, all such fiduciaries will be liable for a breach by the Manager of their fiduciary duties if they knowingly participate in or conceal such a breach, enable the Manager to commit a breach by breaching their own fiduciary duty, or fail to make reasonable efforts to remedy such a breach.

“Prohibited Transactions.” As a result of the assets of the Fund being assets of the investing Plans and the Manager being a fiduciary with respect to such Plans (and in order to prevent the Plan Fiduciaries from causing their respective Plans from engaging in any transactions prohibited by Section 406 of ERISA), unless covered by an exemption, the Manager is prohibited from entering into any transaction with or on behalf of the Fund prohibited by Section 406(a) of ERISA or Section 4975(c)(1)(A)-(D) of the Code and is also prohibited by Section 406(b) of ERISA and Section 4975(c)(1)(E) and (F) of the Code from receiving consideration for its personal account in connection with a transaction involving the assets of the Fund, from acting in any transaction on behalf of a party whose interests are adverse to the interests of the Fund, and from dealing with the assets of the Fund in the Manager’s own interest or for its own account. Engaging in any such prohibited transaction or other prohibition would render the Manager liable for certain excise taxes under Section 4975 of the Code and would require rescission of the prohibited transaction.

Annual Valuation, Reporting and Disclosure. All Plans subject to ERISA are required to file annual reports with the IRS setting forth the fair market value of all plan assets. If the assets of the Fund are deemed to include plan assets, Plans would be required, under general reporting and disclosure rules, to include information regarding each asset held by the Fund. In such circumstances, the Manager will assist Plans in complying with regard to reports and disclosure under ERISA and the Code. The DOL has published a regulation providing for an alternative method of compliance with the reporting rules. Under this regulation, Plan Fiduciaries may include in their annual reports the value of the Plan’s Interests, rather than the value of each asset of the Fund, provided that the Manager files certain information with the DOL regarding the Fund’s investments and expenses for the year. If the assets of the Fund are deemed to include plan assets, the Manager may rely upon this alternative method of compliance and will furnish timely valuation information to Plan investors. In such event, the Manager will notify benefit plan investors of its intent to utilize the alternative method of compliance.

Bonding Requirements. To protect Plans against loss as a result of fiduciary misconduct, Section 412 of ERISA requires that certain Plan Fiduciaries be bonded in an amount equal to the lesser of 10% of the funds handled by such fiduciaries or \$500,000. If the assets of the Fund are deemed to include plan assets, the Manager will comply with the bonding requirements of ERISA.

Trust Agreement. ERISA imposes a requirement that all assets of a Plan be held in trust. This requirement will be fulfilled by each Plan’s trustee holding such Plan’s executed copy of the Subscription Agreement in trust. ERISA does not require that the assets of the Fund be held in trust.

Review by Plan Fiduciaries. The fiduciary of each Plan considering whether to purchase Interests on behalf of Plan should consult with its counsel regarding the application of the prohibited transaction and fiduciary responsibility provisions of ERISA and the Code to such investment. In addition, such fiduciary must determine independently that the investment is prudent under ERISA and is consistent with the diversification requirements of ERISA. The foregoing statements regarding the consequences under ERISA and the Code of an investment in the Fund are based on the provisions of ERISA and the Code as currently in effect, and the existing administrative and judicial

interpretations thereunder. No assurance can be given that administrative, judicial or legislative changes that would make the foregoing statements incorrect or incomplete will not occur. Acceptance of subscriptions on behalf of Plans is in no respect a representation by the Fund, the Manager or any other party that this investment meets all relevant legal requirements with respect to investments by any particular Plan. The person with investment discretion should consult with his or her attorney and financial advisors as to the propriety of such an investment in light of the circumstances of the particular Plan and current tax law. By investing in the Fund, the Plan Fiduciary signifies its informed consent to the risks involved in doing so and to the business terms of the Fund.

* * *

EXHIBIT I
SSG RECREATION FUND 01, LLC
COMPANY AGREEMENT

EXHIBIT II
SUBSCRIPTION BOOKLET
