

# UC MULTIFAMILY EQUITY FUND II, LLC<sup>1</sup>



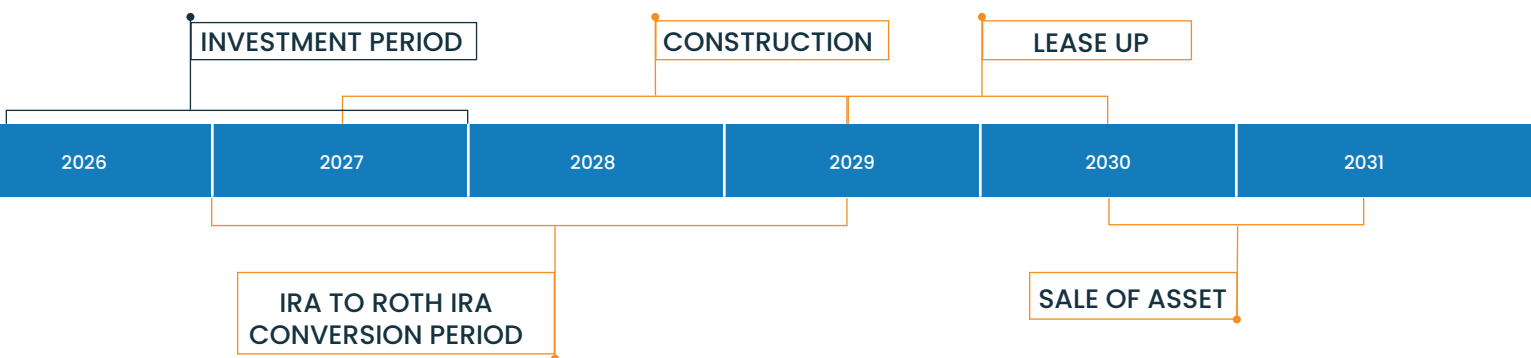
**GIFFORD | Multifamily | 276 Units**

UC Multifamily Equity II, LLC (UCME II) is a private equity fund focused on real estate, specifically the ground-up development of a 276-unit multifamily apartment building in downtown San Jose, California. UCME II is structured to accept qualified dollars, which give investors potential tax benefits when they choose to convert from a traditional IRA into a Roth IRA.<sup>2</sup>

## FUND SUMMARY<sup>3</sup>

|                        |                                                                                                                    |
|------------------------|--------------------------------------------------------------------------------------------------------------------|
| Offering Size          | \$50,000,000                                                                                                       |
| Minimum Investment     | \$50,000                                                                                                           |
| Legal Entity           | Delaware Limited Liability Company                                                                                 |
| Fund Structure         | Reg D 506(c)                                                                                                       |
| Preferred Return       | 8% per year to be paid after full return of initial investment, 80% Investor / 20% Manager profit split thereafter |
| Projected Time Horizon | 3-5 years                                                                                                          |
| Location               | San Jose, CA                                                                                                       |
| Asset Class            | Multifamily                                                                                                        |
| Tax Reporting          | K-1                                                                                                                |

## INVESTMENT OBJECTIVES | INTENDED TIMELINE



1. All project details are estimates only and are subject to change. All photos are renderings and are subject to change; they are not necessarily representative of the final project.
2. Please note that this information is not specific to any individual's personal circumstances. The information provided here is general in nature and does not constitute financial, retirement, tax, or investment advice. Should you desire to do a Roth Conversion, you are solely responsible for its design, implementation, management, and execution and you are strongly encouraged to consult with your own tax, legal, retirement, and financial advisors before making any decision to invest and/or convert a traditional IRA to a Roth IRA. Converting a traditional IRA to a Roth IRA is a taxable event and may have significant tax implications. Please note that future tax laws may change at any time and could affect the benefits of Roth IRAs.
3. Please see the Operative Documents and Private Placement Memorandum for a more complete description of the offering and all of its terms.

## NOTICE TO INVESTORS

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tax advisor concerning the Offering's tax aspects and their individual situation. No representation or warranty of any kind is made with respect to the Internal Revenue Service's (the "IRS's") acceptance of the treatment of any item by the Company or an investor. It is anticipated that if the Company generates taxable income, such income will be considered UBIT. Tax-exempt entities should consult with their own tax counsel regarding the effect of any UBIT. See the PPM and "Federal Income Tax Consequences – Investment by Qualified Plans, IRAs, and Tax-Exempt Entities – Unrelated Business Taxable Income." Congress has recently enacted several major tax bills that substantially affect the tax treatment of real estate investments, including, but not limited to, the tax provisions of the CARES Act. These changes will have a substantial effect on the type of activities in which the Company intends to engage, and certain of those effects are set forth under the appropriate subheadings under "Federal Income Tax Consequences." In many instances, Congressional Committee reports have been relied upon the interpretation and application of these new statutory provisions. While the Code authorizes the Treasury Department to issue extensive substantive regulations regarding recently adopted Code provisions, few have been issued to date.

In addition, Congress could make substantial changes in the future to the income tax consequences with respect to an investment in the Company.

An investment in the Fund is speculative, entails a high degree of risk, and no assurance can be given that the Fund's investment objectives will be achieved or that investors will receive a return of their capital. In considering investment performance information contained in this, prospective investors should bear in mind that past, targeted or projected performance is not necessarily indicative of future results, and there can be no assurance that targeted or projected returns will be achieved, that the Fund will achieve comparable results or that the Fund will be able to implement its investment strategy or achieve its investment objectives. While the Manager's projected returns are based on assumptions which the Manager believes are reasonable under the circumstances, the actual realized returns on the Manager's unrealized investment will depend on, among other factors, the value of the asset and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the Manager's projections are based. Accordingly, the actual realized returns on unrealized investments may differ materially from the Manager's projected returns indicated herein. There can be no assurance that projected or expected realizations or distributions will occur. Furthermore, prospective investors are encouraged to contact the Manager's representatives to discuss the procedures and methodologies used to calculate the investment returns and other information provided herein. Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of terms such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Due to various risks and uncertainties, such as those outlined in the Subscription Package, actual events or results or actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. As a result, investors should not rely on such forward-looking statements in making their investment decisions.

No representation or warranty is made as to future performance or such forward-looking statements. None of the information contained herein has been filed with the U.S. Securities and Exchange Commission, any securities administrator under any securities laws of any U.S. or non-U.S. jurisdiction, or any other U.S. or non-U.S. governmental or self-regulatory authority. No such governmental or self-regulatory authority will pass on the merits of the offering of the Fund or the adequacy of the information contained herein. Any representation to the contrary is unlawful. Statements contained in this Material are based on current expectations, estimates, projections, opinions, and beliefs of the Manager. Such statements involve known and unknown risks, uncertainties, and other factors, and undue reliance should not be placed thereon. The performance of the Fund is subject to risks and uncertainties, including those discussed in the Subscription Package. All prospective investors must read and carefully review the PPM in its entirety, including all risk factors and disclosures.

Certain information contained herein may have been obtained from published sources and/or prepared by third parties and, in certain cases, has not been updated through the date hereof. While such sources are believed to be reliable, neither the Fund, the Manager, nor their respective affiliates nor any employee assumes any responsibility for the accuracy or completeness of such information. The use of this Material in certain jurisdictions may be restricted by law. Prospective investors in the Fund should inform themselves as to the legal requirements and tax consequences of an investment in the Fund within the countries of their citizenship, residence, domicile, and place of business. Opinions expressed herein are subject to change without notice. The products mentioned in this document may not be eligible for sale in some states or countries, nor suitable for all types of investors; their value and the income they produce may fluctuate and/or be adversely affected by exchange rates, interest rates, or other factors. Additional information will be provided upon request.

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Real Estate Risk Disclosure: There is no guarantee that any strategy will be successful or achieve investment objectives, including, among other things, profits, distributions, tax benefits, exit strategy, etc.; Potential for property value loss – All real estate investments have the potential to lose value during the life of the investments. Change of tax status – The income stream and depreciation schedule for any investment property may affect the property owner's income bracket and/or tax status. An unfavorable tax ruling may cancel deferral of capital gains and result in immediate tax liabilities; Potential for foreclosure – All financed real estate investments have potential for foreclosure; Illiquidity – These assets are commonly offered through private placement offerings and are illiquid securities. There is no secondary market for these investments. Reduction or Elimination of Monthly Cash Flow Distributions – Like any investment in real estate, if a property unexpectedly loses tenants or sustains substantial damage, there is potential for suspension of cash flow distributions; Impact of fees/expenses – Costs associated with the transaction may impact investors' returns and may outweigh the tax benefits. Stated tax benefits – Any stated tax benefits are not guaranteed and are subject to changes in the tax code. Speak to your tax professional before investing.

General Risks of Investment in the Project. The economic success of an investment in the Company will depend upon the operations of the Project, which will be subject to those risks typically associated with an investment in a multifamily real estate asset. Fluctuations in occupancy rates, rent, and operating expenses can adversely affect operating results or render the sale or refinancing of the Project difficult or unattractive. No assurance can be given that certain assumptions as to the future levels of occupancy of the Project or future costs of operating the Project will be accurate because such matters will depend on events and factors beyond the control of the Company (see Private Placement Memorandum "PPM") and the Manager (see "PPM" and its Affiliates). Such factors include, among others, the vacancy rates, financial resources of the tenants, rent levels and sales levels in the San Jose area, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for property such as the Project, competition from similar properties, interest rates, real estate tax rates, governmental rules, regulations and fiscal policies, including the effects of inflation and enactment of unfavorable real estate, rent control, environmental or zoning laws, hazardous material laws, uninsured losses and other risks.

General Risks Associated with the Development of Commercial Property. The construction of commercial real property is cyclical and is significantly affected by changes in national and local economic and other conditions, such as employment levels, availability of financing, interest rates, and demand for commercial properties. Such uncertainties could adversely affect the performance of the Company. In addition, the development of real estate is subject to various risks, many of which will be outside the control of the Company, including conditions of supply and demand, weather conditions, natural disasters such as earthquakes and wildfires, delays in construction schedules, cost overruns, changes in government regulations, increases in real estate taxes and other local government fees and the availability of materials and labor. Certain expenditures associated with real estate development (principally construction costs) may increase over time. Additionally, the current U.S. presidential administration has imposed or sought to impose new or increased tariffs on goods imported into the U.S., including goods that are needed for the construction of the Project. The imposition of new or increased tariffs may adversely affect the costs of construction materials that are needed to develop the Project. There can be no assurance that the occurrence of any of the foregoing will not have a material adverse effect on the Company. The development of commercial property is also subject to fluctuations in real estate values.

Construction Risks. Construction entails risks that are beyond the control of the Manager, the Company, the Operating Partnership, the Project Owner, and the OP Manager. Completion of the construction of the Project may be delayed or prevented by factors such as adverse weather, strikes or energy shortages, shortages or increased costs of material for construction, inflation, environmental, zoning, title or other legal matters, and unknown contingencies. Changes in construction plans and specifications, delays due to compliance with governmental requirements or imposition of fees not yet levied, or other delays could cause construction costs to exceed the amounts available from the Offering Proceeds, equity from Urban Catalyst Opportunity Fund I LLC ("Fund I"), Urban Catalyst Opportunity Zone Fund II LLC ("Fund II"), The Thang Do and Chunhong Liu Revocable Trust, and any loans. In addition, abnormal rainfall could cause construction delays, which will increase construction costs. The Company, through the Operating Partnership, along with Fund I, Fund II, or third-party equity sources, will need to provide funds to pay any construction costs in excess of amounts borrowed. In the event that construction costs exceed funds available, the ability of the Project Owner to complete the work to be done on the Project will depend upon the ability of the Operating Partnership members to supply additional funds. There can be no assurance that the Company will have adequate funds available for that purpose. The Project Owner may also utilize third-party equity, third-party preferred equity, and/or mezzanine debt to complete the Project. In the event third-party preferred equity and/or mezzanine debt is utilized, the Company's investment in Gifford Multifamily Units may become subordinate to such financing. Any delays in construction may have an adverse impact on the cash flow and long-term success of the Company.

Leverage. The Delmas Senior PropCo LLC, a Delaware limited liability company (the "Project Owner"), intends to finance the development of the Project with proceeds from one or more loans obtained from third-party lenders. Thus, the Project will be leveraged. The Company anticipates that the aggregate loan-to-cost ratio for the Project will be between 50% to 85% based on the development costs of the Project (with a target loan-to-cost ratio of 70%); provided, however, the Project Owner may obtain financing that is less than or exceeds such loan-to-cost ratio in the Manager's sole discretion. The Company has not obtained a commitment for any loans. Therefore, the amount and terms of any future loans are uncertain and will be negotiated by the Urban Catalyst Operating Partnership LLC, a Delaware limited liability company (the "Operating Partnership"). No assurance can be given that future cash flow will be sufficient to make the debt service payments on any loans and to cover all operating expenses. If the Project's revenues are insufficient to pay debt service and operating costs, the Project Owner may be required to seek additional working capital. There can be no assurance that such additional funds will be available. In the event additional funds are not available, the lenders may foreclose on the Project and the Members could lose their investment. In addition, the degree to which the Project is leveraged could have an adverse impact on the Company, including (i) increased vulnerability to adverse general economic and market conditions, (ii) impaired ability to expand and to respond to increased competition, (iii) impaired ability to obtain additional financing for future working capital, capital expenditures, general corporate or other purposes and (iv) requiring that a significant portion of cash provided by operating activities be used for the payment of debt obligations, thereby reducing funds available for operations and future business opportunities.