**Confidential Private Placement Memorandum  
Dated: July 1, 2024**

**BRAVEHART HOSPITALITY GROUP LLC**

**Offering a Maximum of 10,000,000 Membership Units for $10,000,000.00**

**Managing Member:**

Bravehart Development LLC

PO Box 721

Carroll, IA 51401

(515) 505-3818

brandonv@bravehartdevelopment.com

This Confidential Private Placement Memorandum (the “Memorandum”) relates to the sale (the “Offering”) of a maximum of 10,000,000 Class A membership units (“Units”) in Bravehart Hospitality Group LLC, a Delaware limited liability company (the “Company”). Each Unit has an Offering price of $1.00, for potential total gross Offering proceeds of $10,000,000.00 (the “Maximum Offering Amount”). There is no minimum Offering amount. Offering proceeds will be immediately available for the Company’s use. The minimum number of Units to be purchased by each Member is 10,000, representing a $10,000.00 investment, unless the minimum is waived by the Company’s manager, Bravehart Development LLC, an Iowa limited liability company (the “Managing Member”), who shall manage all of the Company’s business, investments, and affairs.

Units will be offered on a “best-efforts” basis through the Company’s management, for which no commissions or other compensation will be paid. This Offering is limited to Accredited Investors. This Offering will close as soon as the Maximum Offering Amount is sold or one year from the date of this Memorandum, whichever is earlier, or as otherwise determined in the discretion of the Managing Member.

Each investor will be charged platform fees by the Company. These include a one-time platform fee of $500.00 and an annual platform maintenance fee of $100.00 per year while the investor is a Member of the Company. The one-time fee of $500.00 and first annual fee of $100.00 will be payable at the time of subscription and investors will not be issued Units for these amounts. For example purposes only, if an investor were to invest $10,600.00, $600.00 would be allocated toward the platform fees (one-time fee and first year maintenance fee) and $10,000.00 would be allocated toward the subscription amount. The investor would be issued Units for the $10,000.00 only. All subsequent payments of the $100.00 annual platform maintenance fee after the first year will be deducted from distributions paid to investors and these fees will accrue until paid.

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These securities have not been approved or disapproved by the united states securities and exchange commission (the “sec”) or any state or other regulatory authority, nor has the sec or any state or other regulatory authority passed on the accuracy or adequacy of this memorandum or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.s

These securities have not been registered with the united states securities and exchange commission under the securities act of 1933, as amended (the “securities act”) and are being offered in reliance on exemptions from registration provided in section 4(a)(2) of the securities act, RULE 506(C) OF REGULATION D promulgated thereunder, and preemption from the registration or qualification requirements (other than notice filing and fee provisions) of applicable state laws under the national securities markets improvement act of 1996 or applicable exemptions from such registration provisions.

This memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized. These are speculative securities and involve a high degree of risk, including those risks concerning illiquidity, restrictions on transfer, leverage, governmental regulations, and uncontrollable market conditions. See “Risk Factors” on page 12.

Prospective investors are not to construe the contents of this memorandum or any prior or subsequent communications from the company or any of its employees, agents, or other representatives as legal, business, or tax advice. Each prospective investor should consult their own counsel, business adviser, and tax adviser as to legal, business, and tax matters relating to the offering made pursuant to this memorandum.

|  |  |  |
| --- | --- | --- |
|  | Offering Price | Proceeds to  Company(2) |
| Per Unit(1) | $1.00 | $1.00 |
| Minimum investment, 10,000 Units(3) | $10,000.00 | $10,000.00 |
| Maximum Offering Amount(4) | $10,000,000.00 | $10,000,000.00 |

1. Units will be offered and sold by the Company on a “best-efforts” basis through the Company’s management. Such management will not receive commissions or other compensation for such selling efforts. Units will be offered through this Offering at a price of $1.00 per Unit. See “Terms of the Offering” on page 37.
2. The Company expects to incur expenses relating to this Offering including legal, marketing, and printing expenses, and fees or expenses owed the Managing Member, the Members, Affiliates of the Managing Member and the Members, and third parties, as described in this Memorandum. The proceeds listed do not include deductions for such amounts. See “Estimated Use of Proceeds” on page 23, “Management Compensation and Fees” on page 26, and “Terms of the Offering” on page 37.
3. The minimum investment from each prospective investor is $10,000.00, or 10,000 Units, unless the minimum is waived by the Managing Member in its discretion.
4. The Company may sell up to a maximum number of 10,000,000 Class A Units for an aggregate of $10,000,000.00 in total gross Offering proceeds. There is no minimum Offering amount. Offering proceeds will be immediately available for the Company’s use. Members’ membership interests will be ratably apportioned for purposes of voting, distributions, and allocations as set forth in this Memorandum and the Company Agreement. See “Terms of the Offering” on page 37.

**PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING:**

This Memorandum, the Exhibits, and the Subscription Documents: (a) are the only materials that have been authorized for use in connection with the Offering to sell Units; (b) reflect the only information anyone has been authorized to give in connection with the Offering to sell Units; and (c) are the only representations upon which anyone may rely in connection with the purchase of Units. See “Additional Information” on page 41.

No person has been authorized to give any information other than that contained in this Memorandum, or to make any representations, other than as expressly contained herein, in connection with the Offering made hereby, and, if given or made, such other information or representations, other than as expressly contained herein, must not be relied upon as having been authorized by the Company. The Company disclaims any and all liabilities for representations or warranties, expressed or implied, or any other written or oral communication transmitted or made available to the recipient, except as made or communicated by the Company.

Offering literature in any form whatsoever employed in connection with the Offering shall be subject to, and shall be superseded by, this Memorandum (including any exhibits, amendments, and supplements hereto). In the event of any conflict or perceived conflict between this Memorandum and any other Offering literature, unless otherwise stated, this Memorandum shall control.

The Company is offering to sell Units in reliance on exemptions from federal registration requirements and exemption or preemption from state registration requirements. Those exemptions do not change the stringent requirement that every prospective investor in every investment not purchase under any misrepresentation or omission of any material fact. In preparing this Memorandum, the Company has made reasonable efforts to present all information that the Company considers material, based upon the information available to the Company. However, every prospective investor is urged to investigate further any matter that is not set forth in this Memorandum or any fact included in this Memorandum that the prospective investor considers material but does not clearly understand.

The information contained in this Memorandum is confidential and proprietary to the Company and is being submitted to prospective investors solely for such prospective investors’ confidential use with the express understanding that, without the prior written permission of the Company, such persons will not release this document or discuss the information contained herein or make reproductions of or use this Memorandum for any purpose other than evaluating a potential purchase of Units.

This Memorandum does not purport to be all-inclusive or to contain all the information that a prospective investor may desire in investigating the Company. This Memorandum contains all of the information the Company deemed material to the evaluation of the Company and the Offering. Each prospective investor must conduct and rely on its own evaluation of the Company and the terms of the Offering, including the merits and risks involved, in making their investment decision. See “Risk Factors” on page 12.

Upon written request by any prospective investor or their representative, the Company will, prior to the completion of the Offering, answer questions concerning the terms and conditions of the Offering and will provide additional information which may be requested, to the extent it possesses such information or can obtain access thereto without unreasonable effort or expense, for purposes of verifying the accuracy of the information set forth herein.

**Forward-Looking Statements**

This Memorandum contains statements about operating and financial plans, terms, and performance of the Company and other statements that may be deemed projections of future results. Forward-looking statements may be identified by the use of words such as “expect,” “anticipate,” “intend,” “plan,” “assume,” “will,” “may” and similar expressions. The forward-looking statements are based on various assumptions, and these assumptions may prove to be incorrect. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment in Units. In addition, each prospective investor must disregard any projections and representations, written or oral, which do not conform to those contained in this Memorandum.

While the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither the Company nor any other person assumes any responsibility for the accuracy or completeness of these statements or undertakes any obligation to revise these forward-looking statements to reflect events or circumstances after the date on the first page of this Memorandum or to reflect the occurrence of an unanticipated event.

Except as otherwise indicated, this memorandum speaks as of the date hereof. Neither the delivery of this memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the company after the date hereof. If a material change should occur, the company will supplement this memorandum with the relevant information regarding such material change. All supplements to this memorandum (which will be designated as such on the face thereof) shall be deemed to be incorporated into and made part of this memorandum.

**NASAA UNIFORM LEGEND**

In making an investment decision investors must rely on their own examination of the person or entity creating the securities 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 forgoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the act, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be made aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

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# Investor Suitability Criteria

## Accredited Investors

The investor suitability requirements stated below represent the minimum suitability requirements established by the Company for purchasers of Units; however, the satisfaction of these requirements by a prospective investor will not necessarily mean that Units are a suitable investment for such prospective investor or that the Company will accept the prospective investor as a Member. Furthermore, the Company may modify its investor suitability requirements, and such modifications may raise the suitability standards for prospective investors. The Units may be sold to prospective investors who the Company, after taking reasonable steps, verifies are an “Accredited Investor,” as defined under Rule 501 of Regulation D under the Securities Act and who invest a minimum of $10,000.00 in Units, although the Company retains the right to waive such minimum.

In addition to the foregoing, each prospective investor must represent in writing that they meet, among other things, all of the following requirements:

• The prospective investor has received, reviewed, and understands this Memorandum and all Exhibits hereto;

• The prospective investor is basing their decision to invest in Units on this Memorandum and all Exhibits hereto, and on the advice of their legal counsel, accountants, and financial advisors;

• The prospective investor understands that an investment in Units involves substantial risks;

• The prospective investor’s overall commitment to non-liquid investments is, and after their investment in Units will be, reasonable in relation to their Net Worth and current needs;

• The prospective investor has adequate means of providing for their financial requirements, both current and anticipated, and has no need for liquidity in this investment;

• The prospective investor can bear the economic risk of losing their entire investment in Units;

• The prospective investor has such knowledge and experience in business and financial matters as to be capable of evaluating the merits and risks of an investment in Units;

• The prospective investor is acquiring Units for their own account and for investment purposes only and has no contract, undertaking, agreement, or arrangement to sell or otherwise transfer or dispose of any Units;

• The prospective investor has had an opportunity to ask questions of and receive answers from the Company, or a person or persons acting on its behalf, concerning the Company and the terms and conditions of this investment, and all such questions have been answered to their full satisfaction;

• Except as set forth in the Subscription Documents, no representations or warranties have been made to the prospective investor by the Company or any partner, agent, employee, or Affiliate thereof, and in entering into this transaction the prospective investor is not relying upon any information, other than that contained in the Memorandum, including its Exhibits; and

• The prospective investor understands that the Units constitute “restricted securities” as that term is defined in Rule 144 of the Securities Act.

Representations with respect to the foregoing and certain other matters will be made by each prospective investor for Units in the Subscription Agreement and related documents (“Subscription Documents”) attached as Exhibit 3 hereto.

A prospective investor who meets one of the following tests will qualify as an Accredited Investor:

• the prospective investor is a natural person who had individual income in excess of $200,000 in each of the two most recent years, or joint income with that person’s spouse or spousal equivalent in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

• the prospective investor is a natural person whose individual Net Worth (defined herein), or joint Net Worth with that person’s spouse or spousal equivalent, exceeds $1,000,000 at the time of purchase of Units;

• the prospective investor is a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Units, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of an investment in Units;

• the prospective investor is a 501(c)(3), corporation, business trust, partnership, or limited liability company with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Units;

• the prospective investor is an entity not formed for the specific purpose of acquiring the securities offered, owning investments in excess of $5,000,000;

• the prospective investor is an employee benefit plan within the meaning of ERISA, in which the investment decision is made by a plan fiduciary (as defined in Section 3(21) of ERISA) which is either a bank, savings and loan association, insurance company, or registered investment adviser; or the employee benefit plan has total assets in excess of $5,000,000; or is a self-directed plan in which investment decisions are made solely by persons who are Accredited Investors;

• the prospective investor is an entity (including an Individual Retirement Account trust) in which all of the equity owners are Accredited Investors as defined above;

• the prospective investor is a natural person holding in good standing a Series 7, 65, or 82 license or one or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status;[[1]](#footnote-1)

• the prospective investor is a “family office” as defined in the Investment Advisers Act of 1940 and (i) with assets under management in excess of $5,000,000, (ii) that is not formed for the specific purpose of acquiring the securities offered, and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; or

• the prospective investor is a “family client” of a family office whose prospective investment is directed by the family office.

For purposes of determining Accredited Investor status, “Net Worth” is computed as the difference between total assets and total liabilities while excluding any positive equity in the prospective investor’s primary residence but, if the net effect of the mortgage results in negative equity, the prospective investor should include any negative effects in calculating his/her Net Worth. The prospective investor should also subtract from their Net Worth any additional indebtedness secured by his/her primary residence incurred within the 60 days prior to his/her purchase of the Units (other than debt incurred as a result of the acquisition of the primary residence). In determining income, prospective investors should add to their adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner or member in any limited partnership or limited liability company, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income. In the case of fiduciary accounts, the Net Worth and/or income suitability requirements may be satisfied by the beneficiary of the account, or by the fiduciary if the fiduciary directly or indirectly provides funds for the purchase of Units.

The Company must take “reasonable steps” to verify the Accredited Investor status of purchasers. Such steps may include (i) verification based on income, by reviewing copies of any Internal Revenue Service form that reports income, such as Form W-2, Form 1099, Schedule K-1 of Form 1065, and a filed Form 1040; (ii) verification on net worth, by reviewing specific types of documentation dated within the prior three months, such as bank statements, brokerage statements, certificates of deposit, tax assessments and a credit report from at least one of the nationwide consumer reporting agencies, and obtaining a written representation from the investor; or (iii) a written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney, or a certified public accountant stating that such person or entity has taken reasonable steps to verify that the purchaser is an Accredited Investor and has determined that such purchaser is an Accredited Investor. Investors must be prepared to provide such information to the Company or approved third-party.

Being permitted to invest in the Offering does not necessarily mean that the purchase of its Units is a suitable investment. The purchase of Units should never be a complete investment program for any person and should represent only a small portion of any person’s or entity’s complete investment portfolio. Persons and entities should not purchase Units unless they are able to bear the risk of loss of their entire investment.

# Memorandum Summary

This summary highlights information contained elsewhere in this Memorandum. It is not complete and may not contain all of the information that prospective investors should consider before investing in Units. Each prospective investor is urged to read this Memorandum and the additional information it refers to directly in its entirety.

|  |  |  |  |
| --- | --- | --- | --- |
| **THE COMPANY** | Bravehart Hospitality Group LLC is a Delaware limited liability company formed on May 16, 2023 to develop and operate Hawaii Bros™ franchises in Iowa, and select other states as determined by the Managing Member. | | |
| **Management:** | All of the business, investments, and affairs of the Company will be directed by the Managing Member of the Company, Bravehart Development LLC, whose members are Brandon Vonnahme, David Pedelty, and Troy Hart. Messrs. Vonnahme, Pedelty and Hart are also officers of the Company. | | |
| **Mailing Address:** | Bravehart Hospitality Group LLC  c/o Bravehart Development LLC  PO Box 721  Carroll, IA 51401 | | |
| **Units Outstanding:** | **Name of Person or Group**  Outstanding Class A Units  Outstanding Class B Units  Unissued, Offered Class A Units: | **Number**  2,090,000  100  10,000,000 |
|  | Following this Offering, assuming all offered Units are sold, the Company will have the following Units issued and outstanding: | |
|  | **Name of Person or Group**  Outstanding Class A Units  Outstanding Class B Units | **Number**  12,090,000  100 |
|  | The Company anticipates selling the above unissued Class A Units to fund its activities. The Managing Member and its Affiliates or designees may purchase such Units on the same terms as those offered to prospective investors. Class B Units are reserved for the Managing Member and its Affiliates or designees. | | |
| **THE OFFERING** |  | | |
| **Securities Offered:** | This Offering is for the sale of a maximum of 10,000,000 Class A Units. The Units will be offered pursuant to this Memorandum for $1.00 per Unit, for a total of up to $10,000,000.00 if all offered Units are sold. There is no minimum Offering amount. Offering proceeds will be immediately available for the Company’s use. This Offering will close as soon as the Maximum Offering Amount is sold or one year from the date of this Memorandum, whichever is earlier, or as otherwise determined in the discretion of the Managing Member. | | |
| **Investor Suitability:** | This Offering is restricted to Accredited investors, as determined in accordance with Regulation D under the Securities Act. Prospective investors should not purchase Units unless they have substantial financial means, have no need for liquidity in the investment, and can afford to bear the loss of their entire investment. | | |
| **Use of Proceeds:** | See “Estimated Use of Proceeds” on page 23 for a complete description of the Company’s expected allocations of the proceeds from this Offering. | | |
| **Exit Strategies:** | The Company expects to operate indefinitely. Investors will only be able to exit through an eventual sale or merger of the Company, which may never occur, or through a transfer of their Units. | | |
| **Distribution of Cash:** | Please see the section titled “Distributions and Allocations” on page 28 for a summary on how distributions are allocated to Units. For complete distribution procedures, please see the Company’s Company Agreement, dated May 29, 2023 contained in Exhibit 2. | | |
| **Allocation of Profits and Losses:** | For income tax purposes and for financial accounting purposes, after giving effect to the provisions of Section 6.3 and Section 6.4 of the Company Agreement, all items of Net Profits and Net Losses of the Company for each Fiscal Year (or portion thereof) shall be allocated among all the Members and to such Members’ Capital Accounts pro rata in a manner such that the Capital Account of each Member is, as nearly as possible, equal (proportionately) to (i) the distributions that would be made pursuant to Section 11.4(b) of the Company Agreement if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Gross Asset Value, all Company liabilities were satisfied (limited with respect to each non-recourse liability to the Gross Asset Value of the assets securing such liability) and the net assets of the Company were distributed in accordance with Section 11.4(b) to the Member immediately after making such allocation, minus (ii) such Member’s share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets. Notwithstanding the foregoing, the Managing Member may make such allocations as it deems reasonably necessary to give economic effect to the provisions of the Company Agreement, taking into account such facts and circumstances as it deems necessary for this purpose.  See “Allocation of Profits and Losses” in the Company Agreement for a complete description of the procedure for the allocation Profits and Losses. | | |
| **Use of Financing:** | If the funds the Company is raising from this Offering are insufficient to satisfy all anticipated expenses, the Company may elect to seek debt financing. Such debt may be obtained from banks, insurance companies, private lenders, or other commercial sources of funds.  Such debt could be on a full, partial, or non-recourse basis, be at a fixed or floating interest rate, and/or make use of interest-rate swap or hedging agreements. Any debt financing obtained by the Company will be the Company’s sole responsibility and not an obligation of any Member (other than, if required by a lender, the Managing Member, key principal(s), or one or more Affiliates). Any debt is expected to be paid through the revenues from the operation of Company assets. See “Risk Factors” on page 12. | | |
| **Fees:** | The Managing Member and its Affiliates and third-parties will receive reasonable, but possibly substantial, fees and compensation in connection with this Offering and the management and operations of the Company’s assets, and reimbursement for expenses incurred on behalf of the Company. These expected fees and compensation will be paid out of capital contributions, revenues, reserves, and as further described in the section titled “Management Compensation and Fees” on page 26. | | |
| **Related Party Transactions:** | Class B Units have been issued to the Managing Member. In addition, the Managing Member has developed the Initial Project and the Company intends to have the Managing Member develop other Projects of the Company. Furthermore, the Company has entered into a management agreement with an Affiliate of members of the Managing Member for the management of the Company and its Projects. | | |
| **Conflicts of Interest:** | The Managing Member and its Affiliates may engage in and possess interests in other business ventures of any and every type or description, independently or with others, whether similar or dissimilar to the Company’s business. Neither the Company nor any investor shall have any right, title, or interest in or to such independent ventures. The Managing Member and its Affiliates may conduct similar investment offerings through any such independent venture without liability to the Company for so doing. The Managing Member and its Affiliates are under no obligation to present any investment opportunity to the Company even if such opportunity is of a character that if presented to the Company, could be acquired by the Company for its own account. | | |
| **Company Agreement:** | The Company will be governed by the Company Agreement. It contains detailed provisions respecting the Company’s governance, accounting and financial matters, restrictions on the transfer of Units, and other important information. | | |
| **Transfer Restrictions:** | Units constitute “restricted securities,” as that term is defined in Rule 144, promulgated under the Securities Act, and cannot be resold unless such resale is registered under the Securities Act and applicable state securities laws or is exempt from such registration provisions. Even if Units purchased in this Offering are eligible for resale, there is no trading market for such Units, and none is likely to develop. | | |
| **Offering Period:** | The Offering will close as soon as the Maximum Offering Amount is sold or one year from the date of this Memorandum, whichever is earlier. However, the Managing Member may choose to close this Offering earlier, at any time, for any reason. | | |
| **Method of Distribution:** | Units will be offered through the Company’s management on a “best-efforts” basis. Such management will not receive commissions or other compensation for such efforts. | | |
| **How to Purchase Units:** | In order to purchase Units, prospective investors must complete Subscription Documents on the Company’s portal at http://bravehart.franshares.com/. The Company will promptly confirm in writing either the intent to accept or reject, in whole or in part, each subscription. On acceptance, the subscription agreement automatically becomes a binding, bilateral agreement for the purchase of the number of Units accepted. All purchase funds should be delivered to:  Bravehart Hospitality Group LLC  PO Box 721  Carroll, IA 51401  brandonv@bravehartdevelopment.com  Please contact Brandon Vonnahme at (515) 505-3818 for payment instructions. | | |

# Risk Factors

PROSPECTIVE INVESTORS SHOULD BE AWARE THAT PURCHASING UNITS IS A SPECULATIVE INVESTMENT AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CAREFULLY READ THIS MEMORANDUM AND ALL EXHIBITS PRIOR TO MAKING AN INVESTMENT AND SHOULD BE ABLE TO BEAR THE COMPLETE LOSS OF THEIR INVESTMENT.

In addition to the negative implications of all information and financial data included or referred to directly in this Memorandum, prospective investors should consider the following risk factors before making an investment in Units. This Memorandum contains forward-looking statements and information concerning the Company, its investment plans, and other future events. These statements should be read together with the discussion of risk factors set forth below because those risk factors could cause actual results to differ materially from such forward-looking statements. The cautionary statements set forth under this section and elsewhere in this Memorandum identify important factors with respect to forward-looking statements.

## Investment and Offering Risks

*The purchase of Units is not a diversified investment.* Because the Company intends to invest in a single asset class, an investment in the Company is not a diversified investment. The poor performance of the assets or asset class could adversely affect the profitability of the Company.

*An inability to raise substantial funds in this Offering would have substantial effect on the Company’s financing strategy.* Units will be offered and sold on a “best efforts” basis. No investor has made a firm commitment or obligation to purchase any Units. As a result, the proceeds raised in this Offering may be substantially less than the amount the Company would need to meet its investment objectives. The Company may proceed with alternative financing (potentially on different terms than offered herein) in order to meet its operational goals. It is not certain the Company would be able to successfully negotiate any such alternative financing, which could materially and negatively impact its investment objectives.

We may also seek required funds through the sale of additional equity or other securities. Our ability to complete an offering on acceptable terms will depend on many factors, including the condition of the securities markets generally and for companies such as ours at the time of such offering; the business, financial condition, and our prospects at the time of the proposed offering; our ability to identify and reach a satisfactory arrangement with prospective underwriters; the completion of required regulatory filings; and various other factors, many of which are outside our control. There can be no assurance that we will be able to complete an offering on terms favorable to it or at all. The issuance of additional equity securities may dilute the interest of existing Members in the Company or may subordinate their rights to the superior rights of new investors. If adequate funds are not available, we may be required to delay, reduce the scope of, or eliminate our planned capital-raising efforts.

*The Company cannot assure that the Offering price of Units is an accurate reflection of their value.* The Offering price of Units has been determined by the Company taking into account its Offering expenses, prospects, the number of securities to be offered, and the general condition of the securities market, all as assessed by its management. Such prices are not directly correlated to the Company’s assets, earnings, net tangible book value, or any other traditional criteria of value.

*The purchase of Units is a speculative investment.* The Company’s business objectives must be considered highly speculative. No assurance can be given that prospective investors will realize their investment objectives or will realize a substantial return (if any) on their investment or that they will not lose their entire investment in the Company. For this reason, each prospective investor should carefully read this Memorandum and all Exhibits hereto in their entirety. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH THEIR ATTORNEYS, ACCOUNTANTS, AND BUSINESS ADVISERS PRIOR TO MAKING AN INVESTMENT.

*Restrictions on transferability of securities will limit the ability of purchasers to transfer their Units.* Units offered hereby will be “restricted securities” within the meaning of the Securities Act and, consequently, will be subject to the restrictions on transfer set forth in the Securities Act, the Securities Exchange Act, and the rules and regulations promulgated thereunder. In addition, such securities are subject to restrictions on transfer under applicable state securities laws under which such securities are sold in reliance on certain exemptions or under the provisions of certain qualifications. As restricted securities, the Units may not be sold in the absence of registration or the availability of an exemption from such registration requirements. In addition, Members may not withdraw capital from the Company. It is not contemplated that registration of Units under the Securities Act or other securities laws will be effected.

*The Units have no public market, no public market is expected to develop, and consequently, it may be difficult for you to sell your Units*. There is no public trading market for the Units and we do not expect one to develop in the foreseeable future. Consequently, you may have to hold your Units for an indefinite period of time because it may be difficult for you to sell your Units. Even if we achieve the goals set out in our business plan, a market for the Units may never develop and you may be unable to sell your Units.

*Units are expected to be offered under a private offering exemption, and if it were later determined that such exemption was not available, purchasers would be entitled to rescind their purchase agreements.* Units are being offered to prospective investors pursuant to the so-called limited or private offering exemption from registration under Section 4(a)(2) and Rule 506(c) of Regulation D under the Securities Act. Unless the sale of Units should qualify for such exemption, either pursuant to Regulation D promulgated thereunder or otherwise, the investors might have the right to rescind their purchase of Units. Since compliance with these exemptions is highly technical, it is possible that if an investor were to seek rescission, such investor would succeed. A similar situation prevails under state law in those states where Units may be offered without registration. If a number of investors were to be successful in seeking rescission, the Company would face severe financial demands that could adversely affect the Company and, thus, the non-rescinding investors. Inasmuch as the basis for relying on exemptions is factual, depending on the Company’s conduct and the conduct of persons contacting prospective investors and making the Offering, the Company will not receive a legal opinion to the effect that this Offering is exempt from registration under any federal or state law. Instead, the Company will rely on the operative facts as documented as the Company’s basis for such exemptions.

*This Offering has not been registered with the SEC or any state securities authorities.* This Offering will not be registered or qualified with the SEC under the Securities Act or with the securities agency of any state, and Units are being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to investors for Units meeting the suitability requirements set forth in this Memorandum. Since this is a nonpublic Offering and, as such, is not registered under federal or state securities laws, prospective investors for Units will not have the benefit of review by the SEC or any state securities regulatory authority. The terms and conditions of the Offering may not comply with the guidelines and regulations established for offerings that are required to be registered and qualified with those agencies.

## Operational Risks

*The Company will experience those risks associated with an investment in and ownership of membership units in a limited liability company.* There are significant restrictions placed on the Company via the Company Agreement, including, but not limited to, restrictions on transfer of Units, voting, distributions, withdrawal, management, dissolution, and dispute resolution.

*Our prospective investments in the Subsidiaries are subject to risks particular to real property.* Real estate investments are subject to various risks, including but not limited to (1) acts of God, pandemics such as COVID-19, earthquakes, floods and other natural disasters, which may result in uninsured losses; (2) political events, civil or military disturbances; acts of war or terrorism, including the consequences of terrorist attacks; (3) adverse changes in national and local economic and market conditions; (4) changes in governmental laws and regulations (including their interpretations), fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances; (5) costs of remediation and liabilities associated with environmental conditions such as indoor mold; and (6) the potential for uninsured or under-insured property losses. If any of these or similar events occur, it may reduce our return from the Subsidiaries and reduce or eliminate our ability to issue distributions to our Members.

*Our Subsidiaries’ inability to renew existing leases or enter into new leases for new or relocated restaurants on favorable terms may adversely affect our results of operations*. It is possible that approximately ten (10) restaurants described in our business plan are going to be located on leased premises and are going to be subject to varying lease-specific arrangements. For example, some of the leases may include base rent that is subject to increase based on market factors, and other leases may include base rent with specified periodic increases. Some leases may be subject to renewals which could involve substantial increases. Additionally, leases may require contingent rent based on a percentage of gross sales. Should our Subsidiaries have any leases that expire in the future, we will evaluate the desirability of renewing such leases. While we currently expect to pursue all renewal options, no guarantee can be given that such leases will be renewed or, if renewed, that rents will not increase substantially. The success of our Subsidiaries’ restaurants depends in large part on their leased locations. As demographic and economic patterns change, leased locations may or may not continue to be attractive or profitable. Possible declines over time in trade areas where our Subsidiaries’ restaurants are to be located or adverse economic conditions in surrounding areas could result in reduced revenue in those locations. In addition, desirable lease locations for new restaurant openings may not be available at an acceptable cost when we identify a particular opportunity for a new restaurant or relocation.

*The Managing Member has significant flexibility with regard to the Company’s operations and investments.* The Company’s agreements and arrangements with its Managing Member and the Managing Member’s Affiliates have been established by the Managing Member and may not be on an arm’s-length basis. The Managing Member has considerable discretion with respect to all decisions relating to the terms and timing of transactions.

*We are dependent upon the leadership of our Managing Member for management and direction, and the loss of any of the individuals involved in the leadership of the Managing Member could adversely affect our operations and results*. We are dependent upon our Managing Member for the implementation of our strategy and execution of our business plan. The loss of any of the individuals involved in the leadership of the Managing Member could have a material adverse effect upon our results of operations and our financial position. Currently, we do not have employment agreements with any key personnel. In addition, we do not maintain “key person” life insurance for the members of the leadership team of our Managing Member. The loss of any of these individuals could delay or prevent the achievement of our business objectives.

*There may be significant conflicts of interest between the Managing Member and its Affiliates and the Company*. The Managing Member and its Affiliates may engage in activities other than the ownership, service, and management of the Company, some of which may compete directly with the Company. See “Related Transactions and Conflicts of Interest” on page 27.

*The liability of the management is limited*. As a result of certain exculpation and indemnification provisions in the Company Agreement, the Managing Member and its officers, employees, agents, attorneys, and certain other parties may not be liable to the Company or its Members for errors of judgment or other acts or omissions not constituting fraud, intentional misconduct, criminal act, or gross negligence. A successful claim for such indemnification would deplete the assets of the Company by the amount paid.

*The Company plans to, and each Subsidiary may, incur significant debt, which will subject us to increased risk of loss and will reduce cash available for distributions to our members.* There is no assurance that the Company or its Subsidiaries will have sufficient funds to repay its indebtedness, or that the Company or its Subsidiaries will not default on its debt, jeopardizing its business viability, and therefore, the Company’s cash flow. Furthermore, we may not be able to borrow or raise additional capital in the future to meet the Company’s needs or to otherwise provide the capital necessary to conduct its business.

*The borrowing of funds increases the risks of adverse effects on the Company’s financial condition*. The Company has incurred indebtedness and may do so in the future. Payments of principal and interest will reduce cash available for distribution and/or reserve funds set aside for contingencies. If variable rate debt is incurred, increases in interest rates would increase interest costs, which would reduce the Company’s returns.

*The restaurant industry is highly competitive. The restaurant industry is intensely competitive. We believe we compete primarily with regional and local sports bars, burger establishments, casual dining concepts, and fast-casual establishments*. Many of our direct and indirect competitors are well-established national, regional, or local chains with a greater market presence than us. Further, some competitors have substantially greater financial, marketing, and other resources than us. In addition, independent owners of local or regional establishments may enter the fast casual restaurant businesses without significant barriers to entry and such establishments may provide price competition for our restaurants. Competition in the casual dining, fast-casual, and quick-service segments of the restaurant industry is expected to remain intense with respect to price, service, location, concept, and the type and quality of food. We also face intense competition for real estate sites, qualified management personnel, and hourly restaurant staff.

*The sale of alcoholic beverages subjects the Subsidiaries to “dram shop” statutes.* The Hawaiian Bros™ franchise does not currently sell alcoholic beverages, but if any of our Subsidiaries do sell alcoholic beverages in the future, they will be subject to “dram shop” statutes. These statutes allow an injured person to recover damages from an establishment that served alcoholic beverages to an intoxicated person. If a Subsidiary is subject to a “dram shop” statute and receives a judgment substantially in excess of its insurance coverage, or fails to maintain insurance coverage, the Company’s business, financial condition, operating results or cash flow could be materially and adversely affected.

*We may not be able to manage our growth. Our expansion strategy will depend upon our Subsidiaries’ ability to open and operate additional restaurants profitably*. The opening of new restaurants will depend on a number of factors, many of which are beyond our control. These factors include, among others, the availability of management, restaurant staff, and other personnel, the cost and availability of suitable restaurant locations, cost effective and timely planning, design and build out of restaurants, acceptable leasing terms, acceptable financing, and securing required governmental permits. Although we have formulated our business plans and expansion strategies based on certain estimates and assumptions we believe are reasonable, we anticipate that we will be subject to changing conditions that will cause certain of these estimates and assumptions to be incorrect. For example, our restaurants may not open at the planned time due to factors beyond our control, including, among other factors, site selection, the approval of Hawaiian Bros Franchising, LLC (“Hawaiian Bros”) with respect to new Hawaiian Bros™ restaurant openings, negotiations with landlords, and construction or permitting delay

*Higher-than-anticipated costs associated with the opening of new restaurants or with the closing, relocating, or remodeling of existing restaurants may adversely affect our results of operations*. Our revenue and expenses may be significantly impacted by the location, number, and timing of the opening of new restaurants and the closing, relocating, and remodeling of existing restaurants. Our Subsidiaries will likely incur substantial preopening expenses each time the Subsidiary opens a new restaurant and will incur other expenses if a Subsidiary closes, relocates or remodels existing restaurants. These expenses are generally higher when we open restaurants in new markets, but the costs of opening, closing, relocating, or remodeling any of our restaurants may be higher than anticipated. An increase in such expenses could have an adverse effect on our results of operations.

*Fluctuations in the cost of food could impact operating results*. With respect to our Hawaiian Bros™ franchises, our primary food products are initially likely to be rice, chicken, and pork. Our food, beverage, and packaging costs could be significantly affected by increases in the cost of rice, chicken, or pork, which can result from a number of factors, including but not limited to, seasonality, cost of corn and grain, animal disease, drought and other weather phenomena, increase in demand domestically and internationally, and other factors that may affect availability. Additionally, if there is a significant rise in the price of rice, chicken, or pork, and we are unable to successfully adjust menu prices or menu mix or otherwise make operational adjustments to account for the higher rice, chicken, and pork prices, our operating results could be adversely affected. We will also depend on our franchisors, including Hawaiian Bros, as it relates to rice, chicken, and pork, to negotiate prices and deliver product to us at a reasonable cost.

*Changes in consumer preferences or discretionary consumer spending could harm our performance. Our success depends, in part, upon the continued popularity of our Subsidiaries’ food and beverage items, and the appeal of our Subsidiaries’ restaurant concepts*. We also depend on trends toward consumers eating away from home. Shifts in these consumer preferences could negatively affect our future profitability. Such shifts could be based on health concerns related to the cholesterol, carbohydrate, fat, calorie, or salt content of certain food items, including items featured on our menu. Negative publicity over the health aspects of such food items may adversely affect consumer demand for our menu items and could result in a decrease in guest traffic to our restaurants, which could materially harm our business. In addition, our success depends, to a significant extent, on numerous factors affecting discretionary consumer spending, general economic conditions (including the continuing effects of the recent recession), disposable consumer income, and consumer confidence. Fears of an upcoming recession, rising fuel prices, and rising interest rates have impacted consumers’ ability and willingness to spend discretionary dollars. Economic conditions may remain volatile and may continue to repress consumer confidence and discretionary spending for the near term. If the weak economy continues for a prolonged period of time or worsens, guest traffic could be adversely impacted if our guests choose to dine out less frequently or reduce the amount they spend on meals while dining out. A decline in consumer spending or in economic conditions could reduce guest traffic or impose practical limits on pricing, either of which could harm our business, financial condition, operating results, or cash flow. Additionally, consumer tastes and preferences may change, which could have a negative impact on our business.

*Actions by our franchisor could negatively affect our business and operating results.* Our Subsidiaries’ restaurant operations will depend, in part, on decisions made by our franchisor, Hawaiian Bros, including changes of distributors, food menu items and prices, policies and procedures, granting franchises to competitors, and advertising programs. Business decisions made by our franchisor could adversely impact our operating performance and profitability. Under the Development Agreement, Hawaiian Bros has the right to immediately terminate the Development Agreement if, among other things, we are unable to comply with the development schedule or if we default under one of the Franchise Agreements entered into pursuant to the Development Agreement. Termination of the area development agreement could adversely affect our growth strategy and, in turn, our financial condition.

*Our Managing Member and its management team, not Aloha Bros or any of our Subsidiaries, maintains the relationship with our franchisors.* Actions by our Managing Member or its management team could impact our ongoing relationship with our franchisors, including Hawaiian Bros, and our franchisors’ decision to grant our Subsidiaries franchises in the future. If Managing Member is removed for any reason, our relationship, and the relationship of our Subsidiaries, with Hawaiian Bros may materially change. Shortages or interruptions in the availability and delivery of food and other supplies may increase costs or reduce revenue. Possible shortages or interruptions in the supply of food items and other supplies to our restaurants caused by inclement weather, terrorist attacks, natural disasters such as floods, drought, and hurricanes, pandemics, the inability of our vendors to obtain credit in a tightened credit market, food safety warnings or advisories, or the prospect of such pronouncements, or other conditions beyond our control, could adversely affect the availability, quality, and cost of items we buy and the operations of our restaurants. Our inability to effectively manage supply chain risk could increase our costs and limit the availability of products critical to our restaurant operations.

*Our success depends substantially on the value of our brands and unfavorable publicity could harm our business*. Multi-unit restaurant businesses such as ours can be adversely affected by publicity resulting from complaints, litigation, or general publicity regarding poor food quality, food-borne illness, personal injury, food tampering, adverse health effects of consumption of various food products, or high-calorie foods (including obesity), or other concerns. Negative publicity from traditional media or online social network postings may also result from actual or alleged incidents or events taking place in our restaurants.

There has been a marked increase in the use of social media platforms and similar devices, including weblogs (blogs), social media websites, and other forms of Internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. Consumers value readily available information concerning goods and services that they have or plan to purchase, and may act on such information without further investigation or authentication. The availability of information on social media platforms is virtually immediate as is its impact. Many social media platforms immediately publish the content their investors and participants can post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our Company may be posted on such platforms at any time. Information posted may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects, or business. The harm may be immediate without affording us an opportunity for redress or correction. Such platforms also could be used for dissemination of trade secret information, compromising valuable company assets. In sum, the dissemination of information online could harm our business, prospects, financial condition, and results of operations, regardless of the information’s accuracy.

Regardless of whether any public allegations or complaints are valid, unfavorable publicity relating to a number of our restaurants, or only to a single restaurant, could adversely affect public perception of the entire brand. Adverse publicity and its effect on overall consumer perceptions of food safety, or our failure to respond effectively to adverse publicity, could have a material adverse effect on our business. We must protect and grow the value of our brands to continue to be successful in the future. Any incident that erodes consumer trust in or affinity for our brands could significantly reduce their value. If consumers perceive or experience a reduction in food quality, service, ambiance, or in any way believe we failed to deliver a consistently positive experience, the value of our brands could suffer.

*Increases in our compensation costs, including as a result of changes in government regulation, could slow our growth or harm our business*. Our Subsidiaries will be subject to a wide range of compensation costs. Because our Subsidiaries’ compensation costs are, as a percentage of revenue, higher than other industries, we may be significantly harmed by compensation cost increases. Unfavorable fluctuations in market conditions, availability of such insurance, or changes in state and/or federal regulations could significantly increase our insurance premiums. In addition, our Subsidiaries will be subject to the risk of employment-related litigation at both the state and federal levels, including claims styled as class action lawsuits, which are more costly to defend. Also, some employment-related claims in the area of wage and hour disputes are not insurable risks.

Significant increases in health care costs may also continue to occur, and we can provide no assurance that we will be able to effectively contain those costs.

In addition, many of our Subsidiaries’ restaurant personnel will be hourly team members subject to various minimum wage requirements or changes to existing tip credit laws. Mandated increases in minimum wage levels and changes to the tip credit laws, which dictate the amounts an employer is permitted to assume a team member receives in tips when calculating the team member’s hourly wage for minimum wage compliance purposes, have recently been and continue to be proposed and implemented at both federal and state government levels. Continued minimum wage increases or changes to allowable tip credits may further increase our compensation costs or effective tax rate.

Various states in which we may operate are considering or have already adopted new immigration laws, and the U.S. Congress and Department of Homeland Security from time to time consider or implement changes to federal immigration laws, regulations, or enforcement programs as well. Some of these changes may increase our obligations for compliance and oversight, which could subject us to additional costs and make our hiring process more cumbersome, or reduce the availability of potential team members. Although we plan to require all team members to provide us with government-specified documentation evidencing their employment eligibility, some of our team members may, without our knowledge, be unauthorized team members. Unauthorized team members are subject to deportation and may subject us to fines or penalties, and if any of our team members are found to be unauthorized, we could experience adverse publicity that negatively impacts our brand and may make it more difficult to hire and keep qualified team members. Termination of a significant number of team members that, unbeknownst to us, were unauthorized team members may disrupt our operations, cause temporary increases in our compensation costs as we train new team members and result in additional adverse publicity. Our financial performance could be materially harmed as a result of any of these factors.

*Our Subsidiaries may not be able to obtain and maintain licenses and permits necessary to operate our restaurants*. The restaurant industry is subject to various federal, state, and local government licensure and permitting requirements, including those relating to the sale of food and alcoholic beverages. The failure of our Subsidiaries to obtain and maintain these licenses, permits, and approvals, including food and liquor licenses, could adversely affect our operating results. Difficulties or failure to obtain any required licenses, permits, or other government approvals could delay or result in our decision to cancel the opening of new restaurants. Local authorities may revoke, suspend, or deny renewal of our food and liquor licenses if they determine that our, or any of our Subsidiaries’, conduct violates applicable regulations.

*We will be dependent upon the Subsidiaries for cash flow. Initially, our primary asset is a membership interest in BHG Davenport LLC*. There is no guarantee that we will be able to locate or invest in any other potential locations. As such, we will depend on BHG Davenport LLC for cash distributions that we use to pay our operating expenses, satisfy our obligations, and make distributions to our members. We plan to own 100% of the membership interests of the Subsidiaries and will thus have voting control over their operations and will be entitled to 100% of their membership distributions. However, the Subsidiaries may, at some point in the future, issue additional units of its membership interests, which would dilute our ownership interest in the Subsidiaries and in turn reduce our share of any distribution that the Subsidiaries may make.

*Maintenance of an Investment Company Act exemption imposes limits on the Company’s operations, and if the Company were to become subject to the Investment Company Act, it likely could not continue its business.* The Company intends to conduct its operations so that it is not required to register as an investment company under the Investment Company Act of 1940 (the “Investment Company Act”). The Company intends to make investments that satisfy requirements that will exempt it from registration under the Investment Company Act and intends to monitor its compliance with applicable exemptions under the Investment Company Act on an ongoing basis. If it fails to comply with an exemption, it could, among other things, be required to register as an investment company or substantially change its operations and investment strategies in order to avoid being required to register as an investment company, either of which would have a material, adverse effect on the Company. If the Company is required to register as an investment company, it would become subject to substantial regulations and restrictions with respect to its capital structure, management, operations, transactions with affiliated persons, portfolio composition, and other matters. This could potentially force it to discontinue its business. The Company will face similar investment company concerns under the various blue-sky laws.

*Any projected results of operations included in this Memorandum are forward-looking statements that involve significant risks and uncertainty.* All materials or documents supplied by the Company should be considered speculative and are qualified in their entirety by the assumptions, information, and risks disclosed in this Memorandum. The assumptions and facts upon which such projections are based are subject to variations that may arise as future events actually occur, many of which are outside the Company’s and the Managing Member’s control. Any projections included herein are based on assumptions made regarding future events. There is no assurance that actual events will correspond with these assumptions. Actual results for any period may or may not equal currently estimated, approximate projections and may differ significantly. Therefore, prospective investors should consult with their tax and business advisers about the validity and reasonableness of the factual, accounting, and tax assumptions contained in this Memorandum and the Exhibits to this Memorandum. Neither the Company nor any other person or entity has been authorized to make any representation or warranty as to the future profitability of the Company or of an investment in Units.

*The investors are not represented by independent counsel.* The prospective Investors as a group have not been represented by independent counsel in connection with the formation of the Company or this Offering. The Company Agreement and amendments thereto have been prepared by counsel for the Managing Member and such counsel owes no duties of any kind to any Members of the Company.

**Risks Related to tokenization and Blockchain**

***Blockchain technology is a relatively new and untested technology. The risks associated with blockchain technology may not emerge until the technology is widely used.*** A blockchain is an open, distributed ledger that records transactions between two parties in a verifiable and permanent way using cryptography. Transactions on the blockchain are permanently recorded on the blockchain in collections of transactions called “blocks.” Blockchain networks are based upon software source code that establishes and governs their respective cryptographic systems for verifying transactions.

Blockchain is a nascent and rapidly changing technology that is novel and untested and may contain inherent flaws or limitations. Blockchain systems could be vulnerable to fraud, theft, destruction or inaccessibility and there can be no assurances that the blockchain and the creation, transfer, or storage of the tokens will be uninterrupted or fully secure.

The Company’s Membership Interests records will be maintained by the Company’s transfer agent. Records are kept on chain with an off-chain copy as controlling. Since tokens constitute a digital courtesy copy of the Membership Interests, and in the event of a conflict between the record held by the transfer agent and blockchain record, the transfer agent’s record will be determinative, there would not be any direct impact for the Company as a result of any blockchain related cyberattacks, fraud, breach, theft, destruction, inaccessibility or accidental transactions. However, such events could impact the participation of potential investors and negatively impact the potential liquidity and value of the Membership Interests.

Technological developments may lead to technical or other flaws (including undiscovered flaws) in the underlying blockchain technology, including in the process by which transactions are recorded to a blockchain or the development of new or existing hardware or software tools or mechanisms, which could negatively impact the functionality of the blockchain systems, all of which could impact the participation of potential investors and negatively impacting potential liquidity and value of the Membership Interests.

tokens are a digital courtesy copy of the Membership Interests and are not sold independently of the Membership Interests. There are no practical or direct considerations for investors due to the use of blockchain or distributed ledger technology used in the manner used by the Company to create digital courtesy copy of all records compared to an offering where blockchain technology is not used. However, investors may hesitate to invest in Membership Interests linked to blockchain technology, which could impact the participation of potential investors and negatively impact the potential liquidity and value of the Membership Interests.

The Membership Interests will not be offered or sold in states where laws and regulations prohibit the use or issuance of tokens. However, since the tokens represent the digital courtesy copy of the Membership Interests, we don’t expect any legal considerations as compared to the offering without any blockchain technology used. Membership Interests will not be offered until all required notices and fees have been filed and paid in a particular state.

***Risks related to loss of keys by investor.*** An investor may lose access to the public key for their blockchain wallet, which is required to access the financial performance and other account information stored on the blockchain. There would not be any direct impact as a result of such loss of keys since any information stored on blockchain represents a digital courtesy copy and will continue to be available to the investor in the book form. However, such a loss could negatively impact the behavior and participation of potential investors and negatively impact the potential liquidity and value of the Membership Interests.

***tokens can be modified if smart contract turns out to be defective.*** If we discover errors or unexpected functionalities in the token smart contract, we may make a determination that the token smart contract is defective and that its use should be discontinued. We intend to replace the token for impacted Membership Interests and the token smart contract for impacted Membership Interests with a new token using a new smart contract in that situation.

Since tokens constitute a digital courtesy copy of the Membership Interests, which are governed by the Operating Agreement and Subscription Agreement, there would not be any direct impact as a result of such actions. However, such a change could impact the participation of potential investors and negatively impact potential liquidity and value of the Membership Interests.

***The regulatory regime governing blockchain technologies, tokens, and token offerings, is uncertain, and new regulations or policies may adversely affect the Company’s business plan*.** Regulation of tokens and token offerings, blockchain technologies, and token exchanges is being developed and likely to rapidly evolve. Regulations on token offerings vary significantly by type of token and among international, federal, state, and local jurisdictions and are subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development, growth, adoption, and utility of such tokens. Failure by the Company or certain users to comply with any laws, rules, and regulations, some of which may not exist yet or are subject to interpretation, could result in a variety of adverse consequences, including civil penalties and fines. This could adversely affect the Company’s business plan, which involves raising capital via tokenizing the underlying properties and offering to investors.

***As blockchain networks and blockchain assets have grown in popularity and in market size, federal and state agencies have begun to take interest in, and in some cases regulate, their use and operations*.** In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks and special licenses for virtual currency business activities in the State of New York. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state’s statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Securities Exchange Commission (the “SEC”), and the Commodity Futures Trading Commission (the “CFTC”), for example, have published guidance on the treatment of virtual currencies. The IRS released guidance treating virtual currency as property that is not currency for U.S. federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of nine (9) existing laws. The regulation of non-currency use of Blockchain assets is also uncertain. The CFTC has publicly taken the position that certain Blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some Blockchain related assets as securities. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a Blockchain network or asset, tokens may be adversely affected.

***Recent disruptions in the cryptocurrency markets could negatively impact our reputation, invite increased regulation, and make it more difficult to raise capital needed to purchase Series Assets.*** We do not transact in or store cryptocurrencies, and crypto market fluctuations do not deter our commitment, alter our strategic roadmap, or directly impact our operations or financial condition. Although the Company’s position is that tokens are not cryptocurrency nor securities, recent disruptions in the cryptocurrency markets have resulted in increased interest in governmental regulation of all forms of digital representations of assets. Investors may erroneously use blockchain and cryptocurrencies interchangeably, which may result in hesitation to invest in Series’ Interests linked to blockchain. Increased regulation or decreased investment could hinder our ability to purchase Properties or generate returns and could negatively impact the potential liquidity and value of the Membership Interests.

## Federal Income Tax Risks

*An investment in the Company raises significant tax issues, and the tax treatment of an investment in the Company may vary significantly from investor to investor.* Please carefully review the below risks, among others, and consult your own tax adviser about the specific tax consequences to you before investing.

* The tax allocation of the Company’s income and loss may be challenged by the Internal Revenue Service.
* An audit of the Company’s return by the Internal Revenue Service may lead to adjustments to the Members’ tax returns and an audit of the Members’ tax returns.
* Under the Bipartisan Budget Act of 2015, which took effect in January of 2018, the Company must designate a Partnership Representative for each tax year. Federal law gives the Partnership Representative significant discretion in the event of an audit by the Internal Revenue Service, including the sole authority to make elections that bind the Company and all of the Members. While it is the intent of the Company that the Partnership Representative do what is in the best interests of the Company, actions taken by the Partnership Representative may have a negative effect on one or more current or former Members.
* Any tax benefits from ownership of Units will not be available unless the Company and the Company’s Members have a profit motive.

*Any tax benefits from ownership of the Units will not be available unless we and our Members have a profit motive.* For investors to be entitled to any tax benefits that may arise from an investment in us, the transactions described in this Memorandum must be "engaged in for profit" by us and our investors. Deductions could be disallowed if it were determined that there were insufficient economic benefits to be derived from the investment. Although we believe that we will be treated as engaged in our activities for profit, there can be no assurance that the IRS will not challenge the deductibility of losses that may be incurred by us. In addition, each investor should determine whether it would be considered to have engaged in the transactions described herein for profit.

*The tax liability of a member may exceed the cash distributions from us.* Investors will be required to report on their federal income tax returns their share of our net income whether or not such income is actually distributed by us. It is anticipated that much of our income will be taxable at ordinary income rates. There may not be cash available to make any cash distributions out of income realized by us, and investors will not have the right to withdraw their capital. Investors may need to use other sources of income to pay tax on income generated by us.

*Laws affecting the tax effect of ownership of Units may change.* There are frequent and sometimes retroactive changes in the Internal Revenue Code. Regulations, rulings, and interpretations of existing statutes by court decision may also change the law with retroactive effect. Therefore, there can be no assurance that there will not be adverse changes in the Internal Revenue Code or its interpretation during the life of an investment in us that would materially adversely affect the economic consequences of such an investment.

*The tax allocation of our income and loss may be challenged by the internal revenue service.* Our income and losses will be allocated as set forth in our Company Agreement. Investors should be aware that the existing authorities in this area of the law are not entirely clear. The internal revenue service ("IRS") might challenge the allocation of income and losses provided for in our Company Agreement as being without "substantial economic effect" for federal income tax purposes. In the event of such a challenge, the IRS might possibly reallocate income or losses allocated to the investors under our Company Agreement.

EACH RISK DESCRIBED ABOVE MAY AFFECT THE MANAGEMENT, INVESTMENT, OR OTHER TRANSACTIONS RELATED TO THE COMPANY. FOR ALL OF THE FOREGOING REASONS AND OTHERS SET FORTH HEREIN, AN INVESTMENT IN UNITS INVOLVES A HIGH DEGREE OF RISK. ANY PERSON OR ENTITY CONSIDERING AN INVESTMENT IN UNITS OFFERED HEREBY SHOULD BE AWARE OF THESE AND OTHER RISK FACTORS SET FORTH IN THIS MEMORANDUM.

# Estimated Use of Proceeds

The proceeds of this Offering will be used to pay for offering and organizational expenses of the Company as well as for Company operations on an as-needed basis in the discretion of the Managing Member, which may include capital contributions to Subsidiaries for Projects, and other fees and costs including the development fee payable to the Managing Member. The Company is raising funds in a separate exempt offering concurrently with this Offering, and any amount raised in the separate offering may reduce the amount raised through this Offering.

# Investment Objectives

## The Investment

The Company is raising funds in this Offering to invest in the Projects. The Company has the following additional objectives:

Provide cash for distribution to the Members. An investment objective of the Company is to generate Distributable Cash from operations of the Company.

Provide the Members the opportunity to take part in the investment process with minimal involvement in management. An investment objective of the Company is to provide an opportunity for the Members to participate in the investment process, which an individual Member may not desire or be able to accomplish on their own. The Managing Member will additionally manage the Company so that the Members will have minimal involvement in the management of the Company.

Provide the Members with limited liability. An investment objective of the Company is to provide the Members with limited liability. The Company is structured so that the Members will have the limited liability afforded to them as designated by the DLLCA.

## The Business

The Company was formed in Delaware on May 16, 2023, by BraveHart Development LLC ("BraveHart Development"), with the intent to develop and operate multiple Hawaiian Bros™ franchises focusing in the state of Iowa, and select other states as determined by the Managing Member. The Company believes one way to accomplish this is through investment in and equity ownership of various subsidiaries that will each own and operate a franchise location.

The Company has entered into a franchise agreement with Hawaiian Bros which is attached as Exhibit 9. It currently has one wholly-owned subsidiary, BHG-Davenport LLC, an Iowa limited liability company, which has acquired and operates a Hawaiian Bros™ quick service restaurant franchise (the "Initial Project"). The location opened on August 1, 2023 at a prime location at 2955 E 53rd St, Davenport, IA 52807 next to the highest volume Chick-Fil-A in Iowa. It reached $1.2M in revenue in the first two months of operations and has served over 47,360 guests. The location has 4.9 stars with over 1,400 reviews on Google reviews. The Company acquired the Initial Project for a purchase price of $3,390,070.68 with $258,558,68 down and seller financing of $3,131,512.00 at an interest rate of 4.69% with a maturity date of July 24, 2024. As of the date of this Memorandum, $2,090,000.00 remains outstanding on the note.

The Company intends to repeat this or a similar process, with a goal to develop approximately ten (10) to twenty (20) franchise locations (each, a "Project," and collectively, with the Initial Project, the "Projects") owned by newly formed and wholly-owned subsidiaries of the Company (collectively, and including BHG-Davenport LLC, the "Subsidiaries") around the Midwest, possibly expanding throughout the United States.

The Company has signed a letter of intent for a second location in Waukee, IA, which is the fastest growing suburb of Des Moines, IA. It will involve new construction of 2,880 sq. ft. and is slated to begin this spring. The subsidiary entity which will own and operate the second location is yet to be formed. In addition, the Company is currently searching for a prime second location in the Des Moines metro area.

For additional information about the Projects, see Exhibit 4.

## Capitalization

The Company intends to fund the acquisition of the Projects with funds from the sale of Units, including both funds raised through this Offering and separately purchased by the Managing Member and its Affiliates and/or designees.

## Exit Strategy

The Company expects to operate indefinitely. Investors will only be able to exit through an eventual sale or merger of the Company, which may never occur, or through a transfer of their Units. As such, investors should be prepared to leave their investment in the Company for an indefinite period of time.

## Investor Reporting

The Company will use commercially reasonable efforts to furnish to each Member reports as follows: (i) periodic reports on the status of the Company prepared by and in such frequence as determined by the Managing Member, and (ii) within 90 days following the end of any Company Fiscal Year, a financial report of the Company including a balance sheet and profit loss statement and such information as may be needed to enable Members to file their U.S. federal income tax and information returns and any required U.S. state income tax and informational returns.

**Transfer Agent**

The Company intends to tokenize its Membership Interests through its transfer agent Securitize. The transfer agent will have an off-chain copy as the controlling record, but that record is fed from blockchain so they are functionally one and the same. See “Risk Factors” on page 12 for risks related to the tokenization of Membership Interests.

# Management And Certain Security Holders

## Bravehart Development LLC

Bravehart Development LLC, an Iowa limited liability company is the Managing Member of the Company. The Managing Member shall manage all business and affairs of the Company. The Managing Member shall direct, manage, and control the Company to the best of its ability and shall have full and complete authority, power, and discretion to make any and all decisions and do any and all things the Managing Member deems to be reasonably required to accomplish the investment objectives of the Company. The Members will have little or no control over the Company's day-to-day operations and will be able to vote only on limited matters. The Managing Member will make all other decisions.

## Brandon Vonnahme

Brandon Vonnahme is a co-founder and partner of BraveHart Development. Along with his partners, David Pedelty and Troy Hart, he directs the firm’s strategy and investment decisions in accordance with its principals of commitment, collaboration, and unwavering desire to create the best culture and work environment. Prior to Bravehart Development, Mr. Vonnahme spent nearly a decade in commercial banking—from lending to CFO duties. He received an M.B.A. from Keller Graduate School and a B.A. in finance prior to that.

## David Pedelty

David Pedelty directs BraveHart Development’s operations, marketing, human resources, development, and construction management. Prior to co-founding BraveHart Development, David served in executive roles within multiple industries; including, commercial construction, software, operations, and human resources. He has led teams of up to 1,000 people and over $400M in annual revenue. David has a marketing degree from the University of Northern Iowa and over 20 years of leadership experience.

## Tory Hart

Troy Hart is a co-founder and partner of BraveHart Development. Along with his partners, David Pedelty and Brandon Vonnahme, he directs the firm’s strategy and investment decisions in accordance with its principals of commitment, collaboration, and unwavering desire to create the best culture and work environment. Prior to and concurrent with Bravehart Development, Mr. Hart has over 25 years’ experience in hotel operations and development and is owner & CEO of the Hotel Management Company Hart Family Hotels. He received a B.A. in Hotel-Restaurant Management at South Dakota State University.

## Employees and Consultants

The Company may engage additional counselors and consultants to provide accounting, tax return preparation, legal, and related services from time to time, as required, and the Company will bear the related costs.

## Sponsor / Key Principal Units

The Managing Member and its Affiliates or designees have been issued a total of 100 Class B Units. The Managing Member and its Affiliates or designees may purchase additional Class A Units in parity with other Members.

# Management Compensation and Fees

The Managing Member and other members of the Company’s management, along with their Affiliates, may receive substantial fees and compensation in connection with the management of the Company, the Company’s assets, investments, and operations, and reimbursement for expenses incurred on behalf of the Company as further described below. The Managing Member reserves the right to assign any fee, income, or compensation due. The maximum amount of fees the Managing Member, the other members of the Company’s management, or their Affiliates may receive cannot be determined at this time. The compensation arrangements described herein have been established by the Managing Member and are not the result of arm’s-length negotiations. The following fees may be paid from capital contributions, revenues, or reserves.

The Managing Member, its designated Affiliates, and/or third parties will receive the following fees, in addition to distributions of Distributable Cash, as set forth herein:

Development Fee: The Managing Member will receive a development fee equal to ten percent (10%) of the gain upon any sale of real estate, including in connection with a sale-leaseback transaction.

Management Fee: The Managing Member or its Affiliates will receive an amount equal to five percent (5%) of the gross revenue of each Project operated through a Subsidiary or the Company directly.

Reimbursement of Expenses; Fees for Professional Services: The Company will reimburse the Managing Member or its Affiliates reasonable expenses paid or incurred in connection with the Company’s operations. Such reimbursements may be paid from Capital Contributions, operating revenue, or reserves. In addition, the Managing Member or its Affiliates will be reimbursed the fair value for provision of additional services to the Company at reasonable commercial rates on either an hourly or per-service basis.

# Related Transactions and Conflicts of Interest

## Related Party Transactions

The Managing Member has been issued 100 Class B Units in the Company and is therefore a Member of the Company as a result thereof. In addition, the Managing Member has loaned the Company $225,000 with a five percent (5%) interest rate with $236,250 due upon the maturity date of December 31, 2025. The Managing Member developed the Initial Project and is expected to develop subsequent locations operated by our Subsidiaries. In connection with such development efforts, we have entered into a Development Agreement with our Managing Member pursuant to which our Managing Member will receive a fee equal to ten percent (10%) of the gain upon any sale of real estate, including in connection with a sale-leaseback transaction. The development agreement is attached as Exhibit 6. Furthermore, the Company has entered into a management agreement with Brave Syndicate Group LLC, a Delaware limited liability company. See “Management Compensation and Fees” on page 26 for details on the compensation paid under the Company Agreement and see the management agreement attached as Exhibit 5.

## Conflicts of Interest

The proposed method of operation of the Company creates certain inherent conflicts of interest among the Company, the Managing Member, the Members, and their Affiliates. The Managing Member, the Members, and their Affiliates may act, and are acting, as managers of other limited liability companies, as general partners of partnerships, or in a managerial capacity in other businesses. The Managing Member and its Affiliates have existing responsibilities and, in the future, may have additional responsibilities to provide management and services to a number of other entities, including to multiple properties. Prospective investors should carefully consider these important conflicts of interest and those described with the risk factors before investing in the Company. See “Risk Factors” on page 12. Additional conflicts of interest may be, but are not limited to, the following:

*The Managing Member and its Affiliates may be involved with similar investments* *or businesses.* The Managing Member and its Affiliates may act as manager or be a member in other business entities engaged in making similar investments to those contemplated to be made by the Company. The Managing Member and its Affiliates who will raise investment funds for the Company may act in the same capacity for other investors, companies, partnerships, or entities that may compete with the Company. To the extent its time is required on these business and management activities, they may not be available to be involved in the day-to-day monitoring of the Company's operations.

*The Managing Member, certain Members, and their Affiliates will receive compensation from the Company.* Payments to the Managing Member, the Members, and their Affiliates for services rendered to the Company have not been and will not be determined by arm’s length negotiations. See “Management Compensation and Fees” on page 26. Additionally, the existence of the Managing Member’s or its Affiliates’ interest in Distributable Cash (i.e., right to participate in net proceeds from investments) may create an incentive for the Managing Member to make more risky business decisions than it would otherwise make in the absence of such carried interest. However, the Managing Member will evaluate such proposals consistent with the criteria and standards set forth herein. See “Investment Objectives” on page 24.

The Managing Member and *its* Affiliates may not have had the benefit of separate counsel.Attorneys, accountants, and/or other professionals representing the Company may also serve as counsel or agent to the Managing Member and certain of its Affiliates, and it is anticipated that such multiple representation may continue in the future. As a result, conflicts may arise, and if those conflicts cannot be resolved or the consent of the respective parties cannot be obtained to the continuation of the multiple representations after full disclosure of any such conflict, such counsel will withdraw from representing one or more of the conflicting interests with respect to the specific matter involved.

# Legal Proceedings

Neither the Company nor the Managing Member are party to any legal proceedings nor have any legal proceedings been, to the best of the Company or Managing Member’s knowledge, threatened against the Company or the Managing Member. Additionally, the Company and the Managing Member, to the best of their knowledge, are unaware of any prior legal proceedings that would be material to this Offering.

# Prior Performance

The Company was formed specifically to pursue its proposed business and has limited experience raising and investing funds. The Company has provided unaudited financial statements of the Company attached as Exhibit 7 and unaudited financial statements of BHG Davenport LLC attached as Exhibit 8 for prospective investors’ review.

# Distributions and Allocations

## Timing of Distributions

Distributions will be made in accordance with the terms of the Company Agreement. The Company expects that distributions will not begin until 2027.

## Cash Distributions

Distribution of cash and other property will be made as follows:

Nonliquidating Distributions

* Tax Distributions. To the extent there is available cash, the Managing Member shall use reasonable good faith efforts to make annual distributions to the Members, on a consistent basis, as reasonably determined to be necessary to enable the Members to pay the federal income taxes on the Net Profits allocated to them pursuant to the Company Agreement. For purposes of determining the amount of the income tax distribution to be made, the Managing Member may select what the Managing Member reasonably believes to be the most equitable single rate to be applied uniformly to all Members regardless of the fact that some Members may be subject to different effective or marginal tax rates than other. Any distributions made pursuant to Section 6.6(a)(i) of the Company Agreement shall be treated as advances against the Operating Distributions payable to the Members pursuant to Section 6.6(a)(ii) and shall be taken into account in determining the amount of future distributions to the Members pursuant to the Company Agreement.
* Operating Distributions. Except for distributions in connection with a Liquidity Event made pursuant to Section 6.6(b) of the Company Agreement, any distributions declared by the Managing Member shall be made among the Members as follows: (A) 85.0% to the holders of Class A Units (ratably among the holders thereof on a pari passu basis based upon (1) the aggregate number of Class A Units held by such holder immediately prior to such distribution, divided by (2) the aggregate number of Class A Units), and (B) 15.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution).

Liquidity Event Distributions, Distributions in connection with a Liquidity Event (a sale of the Company or liquidation of the Company) shall be made under Section 6.6(b) of the Company Agreement as follows:

* First, 100.0% to the holders of Class A Units (ratably among the holders thereof based upon the number of Class A Units held by each such holder immediately prior to such distribution), until each such holder’s share of Unreturned Capital with respect to all Class A Units outstanding immediately prior to such distributions has been reduced to zero and the holders of Class A Units have received a return (taking into account all distributions made in respect of Class A Units pursuant to Section 6.6(a)(ii) and Section 6.6(b)(i)) of the Company Agreement equal to 6.0% (determined on a simple interest basis) on their Capital Contributions with respect to such Class A Units measured from the date such Capital Contributions were received by the Company;
* Second, 100.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution), until the aggregate of all distributions made in respect of Class B Units pursuant to Section 6.6(a)(ii) and Section 6.6(b)(ii) of the Company Agreement equals 15.0% of all distributions made by the Company;
* Third, (i) 85.0% to the holders of Class A Units (ratably among the holders thereof based upon the number of Class A Units held by each such holder immediately prior to such distribution), and (ii) 15.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution), until the Class A Annualized Return for each Class A Unit equals 15.0%;
* Fourth, (i) 80.0% to the holders of Class A Units (ratably among the holders thereof based upon the number of Class A Units held by each such holder immediately prior to such distribution), and (ii) 20.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution), until the Class A Annualized Return for each Class A Unit equals 20.0%;
* Fifth, (i) 75.0% to the holders of Class A Units (ratably among the holders thereof based upon the number of Class A Units held by each such holder immediately prior to such distribution), and (ii) 25.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution), until the Class A Annualized Return for each Class A Unit equals 25.0%;
* Sixth, (i) 70.0% to the holders of Class A Units (ratably among the holders thereof based upon the number of Class A Units held by each such holder immediately prior to such distribution), and (ii) 30.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution), until the Class A Annualized Return for each Class A Unit equals 30.0%;
* Seventh, (i) 65.0% to the holders of Class A Units (ratably among the holders thereof based upon the number of Class A Units held by each such holder immediately prior to such distribution), and (ii) 35.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution), until the Class A Annualized Return for each Class A Unit equals 35.0%;
* Eight, (i) 60.0% to the holders of Class A Units (ratably among the holders thereof based upon the number of Class A Units held by each such holder immediately prior to such distribution), and (ii) 40.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution), until the Class A Annualized Return for each Class A Unit equals 40.0%;
* Ninth, (i) 55.0% to the holders of Class A Units (ratably among the holders thereof based upon the number of Class A Units held by each such holder immediately prior to such distribution), and (ii) 45.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution), until the Class A Annualized Return for each Class A Unit equals 45.0%; and
* Finally, (i) 50.0% to the holders of Class A Units (ratably among the holders thereof based upon the number of Class A Units held by each such holder immediately prior to such distribution), and (ii) 50.0% to the holders of Class B Units (ratably among the holders thereof based upon the number of Class B Units held by each such holder immediately prior to such distribution).

Please review the foregoing distribution terms in the Company Agreement, included as Exhibit 2 to this Memorandum, before purchasing any Units.

## Allocations

For income tax purposes and for financial accounting purposes, after giving effect to the provisions of Section 6.3 and Section 6.4 of the Company Agreement, all items of Net Profits and Net Losses of the Company for each Fiscal Year (or portion thereof) shall be allocated among all the Members and to such Members’ Capital Accounts pro rata in a manner such that the Capital Account of each Member is, as nearly as possible, equal (proportionately) to (i) the distributions that would be made pursuant to Section 11.4(b) of the Company Agreement if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Gross Asset Value, all Company liabilities were satisfied (limited with respect to each non-recourse liability to the Gross Asset Value of the assets securing such liability) and the net assets of the Company were distributed in accordance with Section 11.4(b) to the Member immediately after making such allocation, minus (ii) such Member’s share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets. Notwithstanding the foregoing, the Managing Member may make such allocations as it deems reasonably necessary to give economic effect to the provisions of the Company Agreement, taking into account such facts and circumstances as it deems necessary for this purpose.

Prospective investors should read the Company Agreement for a more detailed description of how Profits and Losses will be allocated to the Members.

# Summary of the COMPANY AGREEMENT

The rights and obligations of the Company’s Members are governed by the Company Agreement, which each prospective investor will be required to execute as a condition to purchasing Units. The following summary covers certain significant provisions of the Company Agreement and is qualified in its entirety by the provisions of the Company Agreement. It is the intent of the Company that this Memorandum accurately summarize and represent the terms of the Company Agreement. However, in the event that any term of this Memorandum conflicts with the Company Agreement, the Company Agreement shall control. Each prospective investor should carefully study the Company Agreement attached hereto as Exhibit 2 in its entirety before purchasing Units.

|  |  |
| --- | --- |
| **Interests in the Company:** | Interests in the Company are divided into Class A and Class B Units. Un-issued Units may not be voted or allocated Profits, Losses, or distributions. Class B Units have been issued to the Managing Member. The Class B Unit holders may purchase Class A Units in parity with the prospective investors. |
| **The Managing Member:** | Bravehart Development LLC is the Managing Member of the Company. The mailing address of the Managing Member is PO Box 721, Carroll, IA 51401.  The Managing Member will manage all business and affairs of the Company. The Managing Member will direct, manage, and control the Company to the best of its ability and will have full and complete authority, power, and discretion to make any and all decisions and to do any and all things that the Managing Member deems to be reasonably required to accomplish the business and objectives of the Company. |
| **The Members:** | The Members are not permitted to take part in the management or control of the business or operations of the Company. Assuming that the Company is operated in accordance with the terms of the Company Agreement, a Member generally will not be liable for the obligations of the Company in excess of its total Capital Contributions and share of undistributed profits. However, a Member may be liable for any distributions made to the Member if, after such distribution, the remaining assets of the Company are not sufficient to pay its then outstanding liabilities. The Company Agreement provides that the Members will not be personally liable for the expenses, liabilities, or obligations of the Company. |
| **Voting Rights of the Members:** | Unless otherwise specified in the Company Agreement or required by law, any action requiring the approval of the Members may be approved by the vote or written consent of the Members entitled to vote or consent. The approval of the Members is required for:   * The removal of the Managing Member. * Electing a successor Managing Member who resigned or was removed. * Amending the Company Agreement. * Such other matters as are required by the Company Agreement or the DLLCA. |
| **Term and Dissolution:** | The term of the Company commenced upon the filing of the Company’s Certificate of Formation with the Delaware Secretary of State on May 16, 2023 and will last in perpetuity or until such time as the winding up and liquidation of the Company and its business is completed following a liquidating event.  The Company will be dissolved upon the occurrence of any of the following events:   * The entry of a decree of judicial dissolution under Section 18-802 of the Delaware Act. * The decision of the Managing Member at any time. |
| **Distributions and Allocations:** | See “Distributions and Allocations” on page 28. |
| **Access to Company Information:** | Members may examine and audit the Company’s books, records, accounts, and assets at the principal office of the Company, or such other place as the Managing Member may specify, in accordance with the Delaware Act. |
| **Indemnification:** | To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by the Company Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of gross negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under Section 9.4 of the Company Agreement shall be provided out of and to the extent of Company assets only, and no Covered Person shall have any personal liability on account thereof. |
| **Removal of a Managing Member:** | A Managing Member may be removed 30-day prior written notice with cause upon a vote of the Members owning at least seventy percent (70%) of the Class A Units entitled to vote, provided that the Company shall have first obtained for all Managing Member Principals a release of all personal liability from any lender with respect to each Project. Upon a vote to remove the then current Managing Member, the Company shall pay all outstanding fees to the Developer, the Manager, and the Managing Member, and shall repurchase all of the Class B Units owned by the Managing Member at a price equal to the fair market value of such Class B Units. |
| **Transfers of Units:** | A Member may transfer all, but not less than all, of the Units owned by such Member after giving the Company 30 days to exercise a right of first refusal to purchase such Units on the same terms as a written bona fide offer. Such right of first refusal for the Company shall not apply to any transfer by a Member to an Affiliate of such Member and shall not apply to any Class A Units held by the Managing Member or any of its Affiliates. A transfer of Units is conditioned upon prior written consent by the Managing Member which may be withheld in its sole discretion. In addition, no Member shall Transfer any Class A Units or Class B Units except in compliance with the Securities Act of 1933, as amended, and applicable state securities laws. |
| **Drag Along Rights:** | Each Class A Member hereby agrees that if the Managing Member approves a Sale of the Company to an independent third party that is not controlled by the Managing Member that would result in a Class A Annualized Return equal to or greater than 15.0%, each direct and indirect Class A Member of the Company will be deemed to have provided any applicable consent to (and, if requested, to confirm such consent in writing to) and agrees to raise no objections against such sale, and each Class A Member will transfer in such sale the Class A Units held by such Class A Member, directly or indirectly, to the prospective buyer in the manner and on the terms set forth in Section 10.3 of the Company Agreement. |
| **Additional Capital Contributions:** | A Member shall be required to make only Capital Contributions up to the Subscription Amount. No Member shall be required to make any additional Capital Contribution to the Company in excess of the Member’s Subscription Amount. However, Members may make additional Capital Contributions to the Company upon written approval of the Managing Member. |
| **Partnership Representative:** | The Managing Member may designate the IRS Partnership Representative each year until dissolution in its sole discretion. The initial Partnership Representative is Brandon Vonnahme. |

# Retirement Trusts and Other Benefit Plan Investors

Each respective Member that is an employee benefit plan or trust (an “ERISA Plan”) within the meaning of, and subject to, the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), or an individual retirement account (“IRA”) or Keogh Plan subject to the Internal Revenue Code, should consider the matters described below in determining whether to invest in the Company.

In addition, ERISA Plan fiduciaries must give appropriate consideration to, among other things, the role that an investment in the Company plays in such ERISA Plan's portfolio, taking into consideration (i) whether the investment is reasonably designed to further the ERISA Plan's purposes, (ii) an examination of the risk and return factors, (iii) the portfolio's composition with regard to diversification, (iv) the liquidity and current return of the total portfolio relative to the ERISA Plan's objectives and (v) the limited right of Members to withdraw all or any part of their capital accounts or to transfer their interests in the Company.

If the assets of the Company were regarded as “plan assets” of an ERISA Plan, an IRA, or a Keogh Plan, the Managing Member of the Company would be a “fiduciary” (as defined in ERISA) with respect to such plans and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. Moreover, other various requirements of ERISA would also be imposed on the Company. In particular, any rule restricting transactions with “parties in interest” and any rule prohibiting transactions involving conflicts of interest on the part of fiduciaries would be imposed on the Company which may result in a violation of ERISA unless the Company obtained an appropriate exemption from the Department of Labor allowing the Company to conduct its operations as described herein.

Regulations adopted by the Department of Labor (the “Plan Regulations”) provides that when a Plan invests in another entity, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that, among other exceptions, the equity participation in the entity by “benefit plan investors” is not “significant.” The Pension Protection Act of 2006 amended the definition of “benefit plan investors” to include only plans and plan asset entities (i.e., entities that are themselves deemed to hold plan assets by virtue of investments in them by plans) that are subject to part 4 of Title I of ERISA or section 4975 of the Internal Revenue Code. This new definition excludes governmental, church, and foreign benefit plans from consideration as benefit plan investors.

Under the Plan Regulations, participation by benefit plan investors is “significant” on any date if, immediately after the last acquisition, twenty-five percent (25%) or more of the value of any class of equity interests in the entity is held by benefit plan investors. The Company intends to limit the participation in the Company by benefit plan investors to the extent necessary so that participation by benefit plan investors will not be “significant” within the meaning of the Plan Regulations. Therefore, it is not expected that the Company assets will constitute “plan assets” of plans that acquire interests.

It is the current intent of the Company to limit the aggregate investment by benefit plan investors to less than twenty-five percent (25%) of the value of the Members' membership interests so that equity participation of benefit plan investors will not be considered “significant.” The Company reserves the right, however, to waive the twenty-five percent (25%) limitation. In such an event, the Company would expect to seek exemption from application of “plan asset” requirements under the real estate operating company exemption.

ACCEPTANCE OF SUBSCRIPTIONS ON BEHALF OF INDIVIDUAL RETIREMENT ACCOUNTS OR OTHER EMPLOYEE BENEFIT PLANS IS IN NO RESPECT A REPRESENTATION BY THE COMPANY OR ITS OFFICERS, DIRECTORS, 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 ADVISERS AS TO THE PROPRIETY OF SUCH AN INVESTMENT IN LIGHT OF THE CIRCUMSTANCES OF THAT PARTICULAR PLAN AND CURRENT TAX LAW.

# Federal and State Taxes

The potential investor should be aware of the material Federal and State income tax aspects of an investment in the Units. Investors should consult with their tax professional to determine the effects of the tax treatment of the Class A Units with respect to their individual situation.

## Reporting Status of the Company

The Company will elect to be treated as a partnership for Federal and State income tax purposes. By maintaining partnership tax status, the Company will not report income or loss at the Company level but will report to each Member their pro rata share of Profits and Losses from operations and disposition. This process will make the Company a pass-through entity for tax purposes.

## Taxation of Members

The Company will be treated as a partnership for Federal tax purposes. A partnership is not generally a taxable entity. A Member will be required to report on their federal tax return their distributable share of partnership profit, loss, gain, deductions, or credits. cash distributions may or may not be taxable, depending on whether such cash distribution is being treated as a return of capital or a return on investment. Tax treatment of the cash distributions will be treated according to appropriate tax accounting procedure as determined by the Company’s tax advisor.

## Basis of the Company

An original tax basis will be established for the Company. The tax basis of the Company will be adjusted during the operations of the Company under applicable partnership tax principles.

## Basis of a Member

A Member will establish their original tax basis based on the amount of their initial Capital Contribution. Each Member’s tax basis will be adjusted during operations of the Company by principles of subchapter K of the Internal Revenue Code. A Member may deduct, subject to other tax regulations and provisions, their share of Company Losses only to the extent of the adjusted basis of their Interest in the Company. Members should seek qualified tax advice regarding the deductibility of any Company Losses.

## Cost Recovery and Recapture

The Managing Member may apply the current cost recovery rules to the improved portion of any real property according to the relevant Internal Revenue Code sections, namely: straight-line, using a 27.5-year useful life for residential property and thirty-nine (39) years for non-residential property. The Managing Member may elect to use the cost segregation method of depreciation for any personal property associated with real property it acquires on behalf of the Company.

The annual cost recovery deductions that must be taken by the Company will be allocated to the Members based on their Membership Interests in the Company. The cost recovery deductions will be available to the Members to shelter the principal reduction portion of the debt service payments and part of the cash flow distributed by the Company.

According to the current tax code, cost recovery deductions taken during operations may be required to be reported on the sale of the Company Assets and may be taxed at a twenty-five percent (25%) marginal rate, not the more favorable long-term capital gains rates.

## Deductibility of Prepaid and Other Expenses

The Company will incur expenditures for legal fees in association with the set-up of the Company. These expenditures will be capitalized and will be deducted on dissolution of the Company based on current tax law.

The Company will incur expenditures for professional fees associated with the preparation and filing of the annual income tax and informational return and the preparation of Schedule K-1 reports to be distributed to the Members. These expenditures will be deducted on an annual basis. All other normal operating expenses will be deducted on an annual basis by the Company, which will use a calendar accounting year.

## Taxable Gain

Members may receive taxable income from Company operations, from the sale or other disposition of a Member’s Membership Interests, from disposition of the Company Assets, or from phantom income. Presently, the maximum Federal tax rate on cost recovery recapture is twenty-five percent (25%). The balance of the taxable gain will be taxed at the capital gain tax rate in effect at that time. Investors should check with their tax professional for information as to what capital gains tax rate applies to them.

*From Operations*

The Managing Member is projecting that there will be taxable income to distribute to the Members on the Schedule K-1 report provided to each Member annually.

*From Disposition, Dissolution and Termination*

On disposition of the Company Assets or on dissolution and termination of the Company, which will likely be caused by the sale of the Company Assets, the Members may be allocated taxable income that may be treated as ordinary income or capital gain.

In addition, the Members may receive an adjustment in their Capital Account(s) that will either increase or decrease the capital gain to be reported. The Agreement describes the operation of Capital Accounts for the Company and the Members.

*From Sale or Other Disposition of a Member’s Interests*

A Member may be unable to sell their Membership Interests in the Company, as there may be no market. If there is a market, it is possible that the price received will be less than the market value. It is possible that the taxes payable on any sale may exceed the cash received on the sale.

Upon the sale of a Member’s Membership Interest, the Member will report taxable gain to the extent that the sale price of the Interest exceeds the Member’s adjusted tax basis. A portion of taxable gain may be reported as a recapture of the cost recovery deduction allocated to the Member and will be taxed at the cost recovery tax rate in effect at that time. Members should seek advice from their qualified tax professional in the event of the sale of the Member’s interest.

*Phantom Income*

It may occur that in any year the Members will receive an allocation of taxable income and not receive any cash distributions. This event is called receiving phantom income as the Member has taxable income to report but receives no cash. In this event, the Members may owe tax on the reportable income, which the Member will need to pay out of pocket.

*Unrelated Business Income Tax (UBIT)*

An Investor who is tax exempt (such as a charitable organization), or who acquires Units through a tax-exempt vehicle (such as an Individual Retirement Account) may be subject to Unrelated Business Income Tax (UBIT). The Managing Member recommends that Investors contact their qualified tax advisor to determine how/whether the application of UBIT may apply to them.

## Audits

*Election Out of Bipartisan Budget Act Audit Rules*

Effective for partnership returns for tax years beginning on or after January 1, 2018, partnerships will be subject to the audit rules of sections 6221 through 6241 of the Internal Revenue Code, as amended by Bipartisan Budget Act of 2015 (BBA). Under the previous rules, partnership audits (subject to certain exceptions for small partnerships) were conducted at the partnership level, through interaction with a Tax Matters Partner (TMP) authorized to bind all partners (subject to participation in some instances by Notice Partners). Tax adjustments were made at the partnership level, but the adjustments would flow through to the partners who were partners during the year(s) under audit. Collection would then occur at the partner level.

Under the BBA audit rules, the IRS will assess and collect tax deficiencies directly from the partnership at the entity level. Generally, the tax is imposed on and paid by the partnership in the current year, calculated at the highest individual rate. The result is that the underlying tax burden of the underpayment may be shifted from the partners who were partners during the year(s) under audit to current partners.

In addition, the positions of TMP and Notice Partners have been eliminated and replaced with a Partnership Representative, which must be designated annually on the partnership’s timely filed return. The Partnership Representative has the sole authority to act on behalf of the partnership and the partners in an audit, and those powers cannot be limited.

A partnership may elect out of the BBA audit rules if certain conditions are met. In order to elect out, the partnership must issue 100 or fewer K-1s each year with respect to its partners. Moreover, each partner must be either an individual, a C corporation, a foreign entity that would be treated as a C corporation if it were domestic, an S corporation, or the estate of a deceased partner. Thus, a partnership is ineligible to elect out if any partner is a trust (including a grantor trust), a partnership, or a disregarded entity, such as an LLC where the social security number of the individual member is used for income tax reporting purposes. The election out must be made annually on the partnership’s timely filed return and must include a disclosure of the name and taxpayer identification number of each partner. In the case of a partner that is an S corporation, each K-1 issued by the S corporation partner counts toward the limit of 100 K-1s. The partnership must notify each partner of the election out.

It is the intent of the Company to elect out of the BBA audit rules, if possible. By electing out of the BBA audit rules, the Company will be subject to audit procedures similar to the TEFRA and pre-TEFRA rules, but the IRS will be required to assess and collect any tax that may result from the adjustments at the individual partner level. However, this opt-out provision likely will not be available to the Company based on the tax classification of the Members.

Members will be required timely to furnish the Company with the information necessary to make the annual election, and the Company will be authorized to provide such information to the IRS.

*Push Out Election (Audit)*

The “push out” election of Internal Revenue Code section 6226 provides an alternative to the general rule that the partnership must pay any tax resulting from an adjustment made by the IRS. Under section 6226, a partnership may elect to have its reviewed year partners consider the adjustments made by the IRS and pay any tax due as a result of those adjustments. The partnership must make the “push out” election no later than 45 days after the date of the notice of final partnership adjustment and must furnish the Secretary and each partner for the reviewed year a statement of the partner’s share of the adjustment.

If the Company fails to make a valid election out of the BBA audit rules or is otherwise disqualified from electing out of their application, the Company intends to elect the application of the “push out” procedures. In the event of a push out, or if the “push out” is not effective, a former Member may owe additional tax if they were a Member during the reviewed year.

# Terms of the Offering

## The Offering

Subject to the terms and conditions set forth in this Memorandum and the Subscription Documents described below, the Company is offering to sell Units to specified purchasers who are Accredited Investors, as that term is defined in Regulation D, Rule 501 who each meet the Company’s suitability criteria.

This Offering is for up to 10,000,000 Class A Units at a price of $1.00 per Unit, for a total Maximum Offering Amount of $10,000,000.00 if all offered Units are sold. There is no minimum Offering amount. All Offering proceeds will be held in a self-managed, segregated account or escrow agent trust account until the Company purchases its first investment.

The minimum investment from each investor is $10,000.00 unless the minimum is waived by the Managing Member. This Offering will close as soon as the Maximum Offering Amount is sold or one year from the date of this Memorandum, whichever is earlier, or as otherwise determined in the discretion of the Managing Member.

Each investor will be charged platform fees by the Company. These include a one-time platform fee of $500.00 and an annual platform maintenance fee of $100.00 per year while the investor is a Member of the Company. The one-time fee of $500.00 and first annual fee of $100.00 will be payable at the time of subscription and investors will not be issued Units for these amounts. For example purposes only, if an investor were to invest $10,600.00, $600.00 would be allocated toward the platform fees (one-time fee and first year maintenance fee) and $10,000.00 would be allocated toward the subscription amount. The investor would be issued Units for the $10,000.00 only. All subsequent payments of the $100.00 annual platform maintenance fee after the first year will be deducted from distributions paid to investors and these fees will accrue until paid.

## Method of Placement

Units will be offered exclusively through the Company’s management, including the Managing Member and its Affiliates, who will not be compensated directly or indirectly for such efforts. Units will be offered on a “best-efforts” basis. There is no assurance that all or any Units will be sold. The Company’s Affiliates may purchase Units on the same terms and conditions as other prospective investors. The Company intends to indemnify the Company’s Managing Member and other persons and entities against certain Company actions and civil liabilities, including liabilities under the Securities Act. In the opinion of the SEC, the foregoing indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

The Managing Member will decide whether to accept or reject a subscription within a reasonable time after the receipt of the completed subscription booklet and investment amount. If a subscription is not accepted, any related collected funds will be returned to the investor promptly, but in any event within 5 business days of non-acceptance of the prospective investor. The Company will advise all prospective investors whose subscriptions have been accepted when this Offering has been terminated.

## Restricted Securities

There are significant restrictions under the securities laws on the transfer of Units. Units are offered in reliance on exemptions and preemption from the registration provisions of the Securities Act and various state securities laws. Units constitute “restricted securities,” as that term is defined in Rule 144 promulgated under the Securities Act and cannot be resold unless such resale is registered under the Securities Act and applicable state securities laws (which may be prohibitively expensive and may not be possible in any event) or sold pursuant to an exemption therefrom. In some states, specified conditions must be met, or approval of a state authority may be required. Even if Units purchased in this Offering are eligible for resale, there is no trading market for such Units, and none is likely to develop.

In an effort to meet the conditions of such exemptions or preemption, the Company will file such notices and reports as may be required by the states in which the purchasers of Units in this Offering reside at the time of purchase of such Units from the Company and will otherwise utilize commercially reasonable efforts to satisfy the conditions of an exemption or preemption from registration in each of such states.

Units offered hereby must be acquired for investment purposes only and not with a view to or for resale in connection with any distribution thereof. Units will not be registered under the Securities Act or under the securities acts of any state where offered and will be sold and issued in reliance on exemptions and preemption from such registration. Such exemption or preemption depends in part on the investment intent of the investors. Among other things, such restrictions require the investors to bear the economic risk of the investment by holding the securities acquired for an indefinite period of time. These restrictions are set forth in detail in the separately bound Subscription Documents, which must be signed and agreed to by persons and entities purchasing Units. Prospective investors are urged to review the specific restrictions carefully.

The Company may refuse to transfer any securities to any transferee that does not furnish, in writing to the Company, the same representations and warranties and agree to the same conditions with respect to such securities as are set forth herein. The Company may further refuse to transfer the securities if circumstances are present reasonably indicating that the proposed transferee’s representations are not accurate. In any event, the Company may refuse to consent to any transfer in the absence of an opinion of legal counsel, satisfactory to, and independent of, the Company’s counsel that such proposed transfer is consistent with the above conditions.

In addition to the foregoing restrictions under applicable securities laws, there are also significant restrictions on the transfer of Units as set forth in the Company Agreement.

## Acceptance Guidelines of the Company

Based on the representations contained in the Subscription Documents and other information of which the Company has actual knowledge, the Company’s Managing Member will make the determination of whether to proceed with the sale of Units to the prospective investor. The Company has an absolute right to accept or reject prospective investors and may do so on the basis of factors not related to the suitability of the prospective investor. In making the determination, the Company’s Managing Member will follow guidelines appropriate for reliance on exemptions and preemption from registration under applicable securities laws.

If the subscription offer is not accepted, appropriate notice thereof will be transmitted promptly to the prospective investor, the Subscription Documents will be appropriately marked, and the subscription proceeds will be returned, without interest or deduction of expenses, to the prospective investor. Regardless of the date of execution, investors whose subscriptions are accepted will not become Members of the Company until the Company “breaks impounds” and begins to deploy investor funds.

## How to Purchase Units

In order to purchase Units described in this Memorandum, prospective investors are required to tender payment of the subscription amount to the Company and complete Subscription Documents on the Company’s portal at http://bravehart.franshares.com/. On acceptance, the subscription agreement automatically becomes a binding bilateral agreement for the purchase of the number of Units specified. Please contact Brandon Vonnahme at (515) 505-3818 for payment instructions.

# Defined Terms

In addition to those capitalized and otherwise defined terms contained herein and therein the Company Agreement, the following terms shall have the definitions ascribed hereunder.

“Accredited Investor” means those individuals that meet the criteria established by the SEC pursuant to the Securities Act, Regulation D, Section 230.501 (“Rule 501”).

“Affiliate” has the definition provided in the SEC’s Regulation D, Section 230.501(b), i.e., “a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.”

“Company” refers to Bravehart Hospitality Group LLC, a Delaware limited liability company.

“Company Agreement” means the written Amended and Restated Limited Liability Company Agreement of Bravehart Hospitality Group LLC, as may be amended from time to time.

“Distributable Cash” means all cash of the Company derived from operations and capital transactions, less the following items: (i) payment of all fees, costs, indebtedness, and expenses of the Company, (ii) any required tax withholdings, and (iii) reserves for future expenses related to the Company’s operations, as established in the reasonable discretion of the Managing Member.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Plan” means an employee benefit plan or trust within the meaning of, and subject to, the provisions of ERISA.

“Good Cause” means, in reference to an action to remove a Managing Member, that the Managing Member conducted itself on behalf of the Company in a manner that (i) constitutes gross negligence or willful misconduct and (ii) has a material, adverse effect on the Company.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“IRA” means an individual retirement account.

:Liquidity Event” means a Sale of the Company or liquidation of the Company.

“Managing Member” means Bravehart Development LLC, an Iowa limited liability company, or any other person or persons, or entity that becomes a manager pursuant to the Company Agreement.

“Maximum Offering Amount” means $10,000,000.00, the maximum aggregate investment in Units allowed under the terms of this Offering.

“Member” means a party holding membership interests in the Company. The term “Member” as used herein will include a Managing Member to the extent it has purchased or received such membership interests in the Company.

“Memorandum” means this Confidential Private Placement Memorandum and all of its Exhibits, each of which are incorporated herein by reference.

“Net Worth” means the difference between total assets and total liabilities while excluding any positive equity in the prospective investor’s primary residence, but, if the net effect of the mortgage results in negative equity, the prospective investor should include any negative effects in calculating their Net Worth. The prospective investor should also subtract from their Net Worth any additional indebtedness secured by his/her primary residence incurred within the 60 days prior to his/her purchase of the Units (other than debt incurred as a result of the acquisition of the primary residence).

“Offering” means the sale of Class A Units in the Company, whose purchasers, if accepted by the Managing Member, will become Members of the Company pursuant to the terms of this Memorandum.

"Sale of the Company” means a sale of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, or a sale of equity with over 50% of the voting power (both direct and indirect) of the Company (whether by merger, consolidation, recapitalization, transfer of equity securities or otherwise).

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Subscription Documents” means the Subscription Agreement and related documents attached as Exhibit 3 hereto.

“Subsidiaries” means newly formed and wholly-owned subsidiaries of the Company (collectively, and including BHG-Davenport LLC, the "Subsidiaries"), which will acquire, develop, own and operate the franchise businesses.

“Units” means membership units in the Company purchased in this Offering, or otherwise issued to persons and entities.

# Additional Information

Prospective investors may request additional information concerning the Company and other matters relating thereto that is necessary to verify the information in this Memorandum, and the Company will undertake to provide such information to the extent the Company possesses the information or can acquire such information without unreasonable effort or expense. All questions or comments should be directed to the Managing Member of the Company. Information about the Company is contained in the following documents, which may be included in electronic format accompanying this Memorandum, each of which is incorporated herein by reference:

**Exhibit 1** contains the Certificate of Formation

**Exhibit 2** contains the Company Agreement

**Exhibit 3** contains the Subscription Documents

**Exhibit 4** contains the Investment Summary

**Exhibit 5** contains the Management Agreement

**Exhibit 6** contains the Development Agreement

**Exhibit 7** contains the Company Financial Statements

**Exhibit 8** contains the BHG Davenport LLC Financial Statements

**Exhibit 9** contains the Hawaiian Bros Franchise Agreement

No person is authorized to give any information or to make any representation in connection with this Offering other than those contained in this Memorandum, the Exhibits, and the additional information that is available to prospective investors as provided herein. Information or representations not contained herein or in such Exhibits or other information must not be relied on as having been authorized by the Company. This Memorandum does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer, solicitation, or any sale may not be lawfully made. The statements in this Memorandum are made as of the date hereof unless another time is specified.

**Bravehart Hospitality Group LLC**

**July 1, 2024**

1. The professional certifications or designations or credentials currently recognized by the SEC as satisfying the above criteria will be posted on its website. [↑](#footnote-ref-1)