

OFFERING CIRCULAR

ANDERSON SCHOOL PROPERTIES LLC

\$8,000,000 Class A Preferred Membership Units

Minimum Investment: \$250,000

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

Number of Class A Preferred Units Offered: 320

Anderson School Properties LLC, a Washington limited liability company (the "Company,"), is offering 320 Class A Preferred Membership Units ("A Units") to prospective investors. This offering circular ("Circular") describes the terms on which the A Units will be offered and sold. The Company has acquired the Anderson School property, located in Bothell, Washington (the "Property" or "Anderson School"), and intends to develop the Property and lease it to be operated as a McMenamins facility offering a 73-room hotel, restaurants, small bars, a brewery, event/meeting space, movies, live music, gardens, and a day spa and soaking/swimming pool (the "Project").

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

The offer and sale of A Units will not be registered under state or federal securities laws pursuant to exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Act"), under Rule 506(c) of Regulation D and corresponding exemptions under state law. A Units are being offered and sold only to Accredited Investors. See "Plan of Distribution and Investment Procedures" on page 47.

The Company intends to use proceeds from the offering, after payment of costs associated with the purchase of the Property and this offering, to develop and lease the Property. The Company will not accept payment from investors until the Company receives \$8 million in subscriptions. The Company has set June 30, 2014, as the deadline for receiving subscriptions.

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

The A Units offered are speculative, involve a high degree of risk, and are suitable only for persons of substantial means. Investors must be prepared to bear the risk of their investment for an indefinite period of time. For a discussion of certain risks to be considered prior to making an investment in the Company, see "Risk Factors" beginning on page 10.

The A Units offered have not been registered under the Act or any state securities laws. Neither the Securities and Exchange Commission nor any state securities commission has

approved or disapproved of these securities, independently determined that the securities are exempt from registration, or passed upon the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offense.

The date of this Circular is April 3, 2014.

CONFIDENTIAL OFFERING CIRCULAR

ANDERSON SCHOOL PROPERTIES LLC

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NOTICES TO INVESTORS

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

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

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

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

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

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

THIS CIRCULAR IS NOT TO BE CONSIDERED AN OFFER IN ANY JURISDICTION IN WHICH SUCH AN OFFER IS NOT AUTHORIZED OR IS UNLAWFUL. **A UNITS ARE NOT BEING OFFERED TO INVESTORS IN THE STATE OF NEW YORK.**

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

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

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

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

EXECUTIVE SUMMARY

Description of the Company and Project.

The Company has acquired the Anderson School, which it plans to develop and lease for operation as a McMenamins facility. The Company will be managed by New School Properties LLC, a Washington limited liability company (the "Manager" or "NSP"). The Company was formed in 2010 and purchased the Property in 2012 with funds provided by NSP.

The Property consists of four school buildings and a regulation size swimming pool, covering approximately six acres of land. The Company will develop the Property into a mixed-use community gathering place offering a 73-room hotel, restaurants, small bars, a brewery, event/meeting space, movies, live music, gardens, and a day spa and soaking/swimming pool. Before Project development begins, the Company will enter into a lease of the Property (the "Lease") to McMenamins's Brew Pubs, Inc., a Washington corporation ("Brewpubs"), which will operate the developed facilities. Brewpubs is a wholly owned subsidiary of McMenamins, Inc., an Oregon corporation. The initial Lease term will be 20 years with two 10-year renewal options. Annual base rent for the first year of the initial Lease term will be 7.5% of total Project costs, payable monthly. Base rent will increase 2% annually during the initial Lease term. However, for year 11 of the initial Lease term, base rent will be adjusted to fair market rent (but the adjusted base rent will not be less than the base rent in effect for the preceding year). Base rent will continue to increase 2% annually for the duration of the initial Lease term. Base rent will also be adjusted to fair market rent at the beginning of each renewal (but the adjusted base rent will not be less than the base rent in effect for the preceding year) and will increase annually at a rate agreed to by the Company and Brewpubs.

The McMenamins organization, which consists of McMenamins, Inc. and its subsidiaries ("McMenamins"), is one of the largest hospitality providers in the Pacific Northwest. Since its founding in 1983 by brothers Mike and Brian McMenamins, McMenamins, famous for resurrecting old buildings and transforming them into places people seek out, has grown from one pub in Portland, Oregon to 52 locations. Its focus on creative community hubs, attractive concert venues, love for art, vintage fixtures, vegetable/herb/flower gardens, and historic buildings draws loyal fans and admirers. Independently-owned, McMenamins continues to earn recognition for its reimagining of historic properties and artistic restorations that spotlight local heritage and bolster tourism.

Financial Projections.

The Company is an early-stage company that has no operating history and no working capital at this time. The Company was formed for the purpose of acquiring, developing, and leasing the Anderson School Property. The financial projections attached to this Circular set forth eight years of the Company's projected financial results, and five years of Brewpub's projected financial results from Project operations, in each case beginning upon completion of development. The financial projections have been prepared by the Manager based on the industry experience of the Manager and have not been certified by any accountants or other professionals, and the projections could be significantly affected by certain events that are described in the "Risk Factors" section of this Circular or other unanticipated events. In addition, the financial

projections are based on a set of assumptions that the Manager believes is accurate, but those assumptions could be incorrect, which could materially affect the performance of the Company.

Financing Requirements, Capital Structure and Use of Proceeds.

The Company has 600 authorized units of membership interest ("Units") comprising 400 A Units, 50 Class B Nonvoting Units ("B Units"), and 150 undesignated Units. The Company plans to sell \$8 million, or 320, of its A Units. The Company will not accept payment from investors until the Company receives \$8 million in subscriptions. The Company has set June 30, 2014, as the deadline for receiving subscriptions.

NSP will invest \$1 million in addition to the securities offered, for which it will be issued 40 A Units.

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

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

Preferred Return.

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

Based on the Company's projections, A Unit holders are expected to receive a total return over the assumed life of their investment in the Company equivalent to an internal rate of return between 9.9% and 10.6%.

Rights and Obligations of the Manager.

The Manager has exclusive control over the business and affairs of the Company. The Manager maintains total control over the development and construction of the Project. This control includes spending money, modifying construction plans, maintaining the books, issuing Units if necessary for additional capital calls, hiring contract personnel, and all other activities necessary for completion of the Project. As the developer of the Project, the Manager will receive a one-time fee equal to 1.0% of development costs. The Manager will also receive an annual fee equal to 0.5% of aggregate capital commitments by investors, not including NSP's investment, to cover overhead costs of managing and administering the Company.

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

Rights and Obligations of the Members.

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

Defined Terms.

An index of defined terms begins on page 48 of this Circular.

SUMMARY OF OFFERING TERMS

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

- The Company:** Anderson School Properties LLC, a Washington limited liability company.
- The Project:** The development and subsequent leasing of the Anderson School property.
- The Company purchased the Property in 2012 with funds provided by NSP. The Property consists of four school buildings and a regulation size swimming pool, covering approximately six acres of land. The Company will develop the Property into a mixed-use community gathering place offering a 73-room hotel, restaurants, small bars, a brewery, event/meeting space, movies, live music, gardens, and a day spa and soaking/swimming pool. Before Project development begins, the Company will lease the Property to McMenamini's Brew Pubs, Inc., a Washington corporation, which will operate the developed facilities.
- Founding Member and Manager:** New School Properties LLC, a Washington limited liability company.
- Securities Offered:** Class A Preferred Units.
- Total Offering:** \$8,000,000. No funds will be accepted until commitments for the total offering amount are received. The Company may increase the total offering amount in its sole discretion.
- NSP will invest \$1,000,000 in addition to the securities offered, for which it will be issued 40 A Units.
- Offering Price:** \$25,000 per A Unit. \$250,000 minimum investment (10 A Units).

Use of Proceeds:

- Repay purchase price and expenses incurred by NSP to acquire the Property (\$2.4 million)
- Development fee
- Offering expenses
- Working capital for development.

Project costs will be funded as follows:

Purchase Price	\$2.40MM
Development Costs	\$23.14MM
Development Fee	\$0.26MM
Offering Expenses	<u>\$0.20MM</u>
Total Project Cost	\$26.00MM
Equity Investment – NSP	\$1.00MM
Equity Investment - Offering	<u>\$8.00MM</u>
Total Equity	\$9.00MM
Construction to Permanent Loan	<u>\$17.00MM</u>
Equity and Debt Capital	\$26.00MM

Closing and Drawdowns:

Initial closing will occur as soon as practicable after the Company receives \$8,000,000 in commitments. The Company expects to receive subscriptions by June 30, 2014, with closing of the offering to occur promptly thereafter.

Commitments are payable 10% at closing, balance as needed during Project development, with not less than 10 business days' prior written notice. Investors should expect to fund their entire commitments within 180 days of closing.

Capital Structure:

600 authorized units of membership interest, comprising:

- 400 A Units
 - 320 A Units, to be sold in this offering
 - 40 A Units, to be issued to NSP for \$1,000,000
 - 40 A Units, authorized but not outstanding, for oversubscriptions
- 50 B Units, issued to NSP as Project developer and manager.
- 150 undesignated Units, authorized but not outstanding.

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

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

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

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

Tax Credits: Members will receive the benefit of their pro rata share of tax credits for the Project, estimated to be approximately \$600,000 in total.

Lease to BrewPubs: Before Project development begins, the Company will lease the Property to Brewpubs, which will operate the Anderson School after development is complete. The initial Lease term will be 20 years with two 10-year renewal options. Annual base rent for the first year of the initial Lease term will be 7.5% of total Project costs, payable monthly. Base rent will increase 2% annually during the initial Lease term. However, for year 11 of the initial Lease term, base rent will be adjusted to fair market rent (but the adjusted base rent will not be less than the base rent in effect for the preceding year). Base rent will continue to increase 2% annually for the duration of the initial Lease term. Base rent will also be adjusted to fair market rent at the beginning of each renewal (but the adjusted base rent will not be less than the base rent in effect for the preceding year) and will increase annually at a rate agreed to by the Company and Brewpubs.

Development Fee: The Manager will serve as the developer of the Project and will receive a one-time fee equal to 1.0% of development costs.

- Management Fee:** The Manager will receive an annual fee equal to 0.5% of aggregate capital commitments by investors other than NSP, to cover overhead costs of managing and administering the Company.
- Operating Expenses:** In addition to the Management Fee, the Company will reimburse the Manager for all out-of-pocket costs and expenses incurred in connection with the preparation of the Company documents, this offering and the operation of the Company, including, without limitation, accounting, legal, and other professionals' fees.
- Call Option:** Beginning eight years after Property development is completed and payments begin under the Lease, Company or its designee will have an option to purchase some or all A Units at 105% of Unit value (the "Call Option"). Unit value will be the amount the A Units holders would receive for each Unit if the completed Project were sold for formula fair market value, all liabilities of the Company were paid, and the remaining proceeds were distributed to the members. Formula fair market value of the completed Project will be determined by dividing the annual rent under the Lease, by the fair market value capitalization rate. The fair market value capitalization rate will be determined by a certified real estate expert.
- Put Option:** Also beginning eight years after Property development is completed and payments begin under the Lease, each investor will have an option to require that the Company purchase its A Units at 95% of Unit value (the "Put Option"). Unit value will be determined as described for the Call Option. Exercise of Put Options will be limited to an annual 60-day period specified by the Company. The purchase price per Unit will be paid in cash within 180 days following the expiration of the 60 day option period; provided, however, that in the event that Class A Members holding more than 10 percent of the Class A Units exercise the Put Option in any given calendar year, the purchase price may be payable over five years with interest.
- Capital Calls:** Investors are not required to invest funds beyond the original commitment for A Units. If the Manager determines that additional capital is required, the Manager will give all Investors notice of the terms proposed for the additional investment, and provide at least 30 days for Investors to elect to invest additional funds pro rata on the proposed terms. Terms proposed for the additional investment may include issuance of previously undesignated Units with a preferential return different from and prior to that of A Units. Issuance of additional Units pursuant to a capital call will dilute the interest of A Unit holders who elect not to participate in the capital call.

Class A Preferred Approval:

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

- Merger or consolidation with another entity;
- Conversion of the Company to another form of entity;
- Sale, license, or disposition of the Company (but not sale of the Project);
- Interested party transactions between the Company and the Manager, requiring payment to the Manager or an affiliate of the Manager, other than transfers of Units and transactions expressly contemplated by the operating agreement; and
- Amendment of the operating agreement or certificate of formation (except to designate terms of new units under a capital call or as otherwise expressly provided).

Voting Rights:

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

Transfer of Interests:

The Operating Agreement will allow transfer of Units only (a) with the prior written consent of the Manager, (b) to another Member, (c) by succession as a result of a Member's bankruptcy, death, dissolution or legal incompetency, or (d) to a Member's immediate family member. Any such transfer must comply with certain tax and securities laws requirements. A transferee of a membership interest may not become a substitute member without the prior written consent of the Manager.

Reports:

Investors will be sent quarterly investor statements. Investors will also receive an annual report containing financial statements and information regarding the Company required by investors for preparation of their respective tax or information returns, including a Form K-1.

Tax Matters:

The Company will be taxed as a partnership for income tax purposes. Accordingly, investors will be required to report items of profit and loss on their own tax returns, and will be required to pay tax due on the Company's income regardless of whether distributions are received from the Company.

Securities Law Matters:

A Units will not be registered under the Securities Act of 1933, as amended. A Units will be sold pursuant to exemptions from the Act's registration requirements provided by Rule 506 of Regulation D and comparable state securities laws exemptions.

**Investor
Qualifications:**

Accredited investors only. Investors must have no need for liquidity of the funds invested and be able to afford a total loss of their investment. Proof of accredited investor status will be required.

RISK FACTORS

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

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

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

The Company Will Rely Heavily on McMenamins.

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

The Company Does Not Have Diversified Investments.

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

The Redevelopment of the City of Bothell May Not Be Successful.

The Anderson School is a part of the City of Bothell's long-term redevelopment plan, which is committed to commercial and residential development in downtown Bothell. The City of Bothell's downtown long-term redevelopment plan may not be successful. If redevelopment and revitalization of the City of Bothell do not occur as anticipated, or if revitalization occurs but the neighborhood subsequently changes, Bothell might not be a popular destination and gathering place, which could impact the operating success of the Project and could adversely impact return to investors.

The Company has Certain Obligations to the City of Bothell.

The Company has entered into various agreements with the City of Bothell that require future actions with respect to the Property. These include agreements to provide City residents community access to the soaking/swimming pool and the meeting room for 15 years. If the Company discontinues access to the pool and meeting room, it is required to pay the City in cash the then-unamortized portion of the \$4,100,420 public benefit obligation. This commitment and others described under "Obligations under Agreements with the City of Bothell" could require payments by the Company beyond those budgeted for the Project and restrict the Company's latitude with respect to some aspects of operating the Project.

Termination of the Lease Would Severely Impact the Company.

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

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

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

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

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

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

The Company will arrange for comprehensive insurance coverage on the Anderson School. Some catastrophic losses may be either uninsurable or not economically insurable. If a disaster occurs, the Company could suffer a complete loss of all capital invested in, and any profits expected from, the Anderson School. If insurance does not cover the damages or liabilities

associated with the Anderson School or the Company does not have adequate funds to cover the damage or liability, the Company may be forced to sell the Anderson School at a loss or borrow capital to fund the repairs or losses. In addition, the insurance industry is reviewing the types of insurance coverage that are available and significant changes to the insurance industry and the types of insurance available could occur and adversely affect the Company's ability to fully insure the Anderson School.

Environmental Contamination is Present on the Property.

Environmental contamination is present on the Property, as described under "The Project – Environmental Matters." The Washington State Department of Ecology ("DOE") conducted an environmental remediation on the Property and an adjacent gas station, and issued a "No Further Action" letter on June 26, 2012. Because some contamination remains, DOE's approval of certain improvements during the development of the Project must be obtained. If DOE refuses to give approval, the Project may be delayed or certain developments restricted which could adversely affect the Project and projected returns to investors. In addition, the presence of contamination on the Property will require future monitoring.

Certain Building Materials Considered Hazardous are Present on the Property.

Asbestos-containing materials and lead-based paint are present in the Anderson School Building, and may be present in other buildings on the site. Although the Company's development plans include measures to deal with these materials, difficulties in taking remedial measures could increase the costs of the Project above projections.

The Property Value is Unpredictable.

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

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

Funding Development with Borrowed Funds Involves Foreclosure Risks.

The Company anticipates using a bank loan to help finance construction of the Project and using the Property as security for the loans. Although required Lease payments exceed the amount needed for loan payment, if Brewpubs defaults under the Lease, the funds generated from the Property may not be sufficient to pay loan installments. In addition, bank financing will require

repayment or refinancing in ten years. If a mortgage loan cannot be refinanced or paid when due, the lender may foreclose on the Property. A foreclosure of a mortgage loan could result in the loss by the Company and its members of the capital used to acquire and develop the Property and could also result in substantial adverse tax consequences.

No Commitment for Debt Financing has been Obtained.

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

The Project Is Subject To Real Estate Investment Risks.

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

Development Cost Overruns Could Require Additional Capital.

Any real estate development project involves significant risk that costs of development, construction, and completion will exceed budgeted costs. The development of the Anderson School involves the additional risk that renovation of existing buildings may involve dealing with conditions that are unknown at this time. If development costs were to exceed budgeted costs, the Company would be required to raise additional equity or debt capital. If such capital is not available, it may not be possible for the Company to complete the Project. If the capital is available, the cost of obtaining the capital in order to complete the Project could adversely affect the financial performance of the Project and returns to investors.

The Operating Agreement Does Not Provide for Mandatory Capital Calls.

Members of the Company are not required to invest funds beyond the original commitment for A Units. If the Manager determines that additional capital is required, the Manager will give all Members notice of the terms proposed for the additional investment, and provide at least 30 days for Members to elect to invest additional funds pro rata on the proposed terms. Terms proposed for the additional investment may include issuance of previously undesignated Units with a

preferential return different from and prior to that of A Units. Issuance of additional Units pursuant to a capital call will dilute the interest of A Unit holders who elect not to participate in the capital call, and will likely reduce the rate of return realized by A Unit Holders. Additionally, if the Company exceeds its budget and does not have sufficient working capital, the fact that A Unit holders are not required to invest additional capital may result in the Company not being able to acquire the funds necessary to complete the Project.

The Company Has No Operating History.

The Company is an early-stage company and has no operating history and no working capital at this time. The Company was formed for the purpose of acquiring, developing, and leasing the Anderson School Property. The financial projections attached to this Circular are speculative and actual results are subject to significant risks, including those described in this Circular. Any projections and budgets, including anticipated capital needs, development costs, projected revenues and margins, anticipated Lease income and other forward-looking financial and other information, may be incorrect despite seeming reasonable to management when made or formulated. In addition, the fact that the Company has no operating history makes it difficult for investors to evaluate the Project. The Company's potential for future profitability must be considered in light of the risks, uncertainties, expenses, and difficulties frequently encountered by companies in their early stages of development.

The Company Depends on the Experience of Mike McMEnamin and Brian McMEnamin.

NSP was organized in 2011 and has limited experience in acquiring, developing, and leasing real estate. Affiliates of the Manager, particularly McMEnamins, Mike McMEnamin, and Brian McMEnamin, have experience in acquiring and developing projects similar to the Project, and the Company depends on their experience to successfully complete the Project. The Company does not anticipate carrying any "key-man" life insurance on Mike McMEnamin or Brian McMEnamin, and if either of them were to die or become permanently disabled, the event could have a detrimental effect on the operation of the Company and the Project. The Company also does not have an employment agreement with Mike McMEnamin or Brian McMEnamin and if either or both of them resign and discontinue their association with the Company, the departure could materially adversely affect the Company and the Project.

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

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

The Manager of the Company May Withdraw.

The Manager of the Company, currently New School Properties LLC, may withdraw as the Manager of the Company. Mike McMEnamin is currently the principal of New School Properties

LLC. Mike McMenamain along with Brian McMenamain and Larry Dortmund will be the principal management team making the day-to-day decisions on behalf of the Company, through their association with NSP. Additional information is set forth below under the heading "Management Team." If the Manager withdraws, the Company could be forced to locate a replacement manager, which could have a detrimental effect on the Company's operations.

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

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

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

The Company does not anticipate hiring any employees and will be dependent on the Manager to develop, operate and manage the Project. Conflicts of interest may arise between the Company, the Manager, Brewpubs, and McMenamains. The Company, the Manager, Brewpubs, and McMenamains will utilize some of the same key individuals. The time devoted by these individuals to the Manager, Brewpubs and McMenamains may conflict with the time required to operate the Company. The Operating Agreement does not require the Manager to devote a minimum amount of time to provide services to the Company. The Manager may also engage in other real-estate-related projects and ventures and could devote a significant amount of time to these other endeavors.

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

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

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

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

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

Members May Have to Return Distributions.

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

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

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

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

A Units Are Not Being Registered.

The Company intends to offer and sell A Units without registration under any securities laws in reliance on exemptions from registration under federal or state securities laws. While the Company believes reliance on such exemptions are justified, there can be no assurance that such

exemptions will be available if applicable laws, regulations, or interpretations are changed. Failing to qualify for an exemption from registration or a violation of the securities laws could result in the rescission of sales of A Units, which could have a material adverse effect on the Company's performance and the Project. Furthermore, even a baseless claim that offers and sales of A Units were not made in compliance with applicable securities laws could have a material adverse effect on the Manager's ability to manage the Company and on financial results.

Accredited Investor Status is Critical.

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

Pending Securities and Exchange Commission Rules Could Impact the Offering

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

The Company Operates in an Uncertain Regulatory Environment.

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

Assumptions Used for the Financial Projections Could Be Incorrect.

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

representation or warranty as to the accuracy or completeness of the projections or the underlying assumptions. See "Financial Projections" beginning on page 43.

An Investment Involves Federal Income Tax Risks and Consequences.

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

The Company's Members will be required to pay federal income taxes on their distributive shares of the Company's income regardless of whether the Company distributes any cash. Thus, the amount of income and gain allocated to a Member in any year may exceed the cash distributions made, if any, to the Member in that year. Accordingly, before making an investment in the Company, a potential Member should consider that the tax payable with respect to allocations of the Company's income could exceed the cash available for distribution in that year, if any. In certain circumstances, the Operating Agreement and treasury regulations governing the Company's allocations of income and gains may require a special allocation of the Company's income to a particular Member or Members. Special allocations, however, should not generally affect the total amount of income that would be recognized by a Member over the life of the Member's investment. In addition, upon the sale or other taxable disposition of A Units or all or part of the Company's assets, a Member will be required to recognize gain that may substantially exceed the cash proceeds, if any, that the Member receives.

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

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

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

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

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

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

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

THE PROJECT

The Company.

The Company, Anderson School Properties LLC, is a Washington limited liability company formed in June 2010. Currently, the sole member of the Company is NSP, a Washington limited liability company. Under the Operating Agreement, NSP is also the Manager of the Company. NSP is controlled by Mike McMenamain.

The Property.

The Company intends to develop and lease the Anderson School Property. The Company acquired the Property in July 2012 from the City of Bothell (the "City"). The Property, which is approximately six acres, is adjacent to a planned city center and new City Hall on the main highway leading into the City. The Property consists of the historic Anderson School building and three other buildings, including a former community swimming pool.

The historic Anderson School was built in 1931 as Bothell Junior High School is being reimaged as a mixed-use community gathering place and iconic Pacific Northwest travel destination, filling a neighborhood need for a welcoming community center at very little cost to the public. The six-acre Property has been appraised with a market value of \$26.2 million once renovated.

Leveraging \$150 million in public investment, approximately \$207 million in private monies are committed to commercial and residential development in the City's downtown core. Officials plan to turn the City, located on key transportation routes and the scenic Sammamish River, into one of the Puget Sound's most livable cities. The city is located 25 minutes northeast of downtown Seattle on SR 522 or via i-405. Located in the center of the City, the Property is a key part of the City's long-term redevelopment plan, which includes a new city hall and city center, European-style "multi-way boulevards" and a vibrant waterfront park reconnecting downtown to the river where the city began in the late 1800s.

Redevelopment and Renovation.

The Company will construct, redevelop and rehabilitate the Property in a manner that will provide the public benefits described in the public benefits agreement between the Company and the City (the "Public Benefits Agreement"). The total Project cost, including funds already spent to purchase of the Property, will be approximately \$26 million. Construction and development of the Project will take approximately 13 months and is anticipated to be completed in August 2015.

Development costs will be funded with the proceeds of this offering and an anticipated \$17 million construction loan, which be converted to permanent financing upon completion of the Project.

The objective of developing the Property and leasing it to Brewpubs is to fill a neighborhood need for a community center at little cost to the community while providing economic benefit to the neighbors and reviving historic buildings. Highlights of the planned development include:

- Conversion of statuesque 1930s art deco school building into a 73-room hotel;
- Restaurants, small bars, on-site brewery, free live music;
- First run movie theater;
- Meeting and event space for small and large groups;
- Soaking/swimming pool and full-service day spa;
- Gardens and outdoor gathering spaces;
- Original site-specific artwork linked to the history of the school;
- 15 years' free use of soaking/swimming pool and community room for City of Bothell residents; and
- Estimated 150 to 200 new full- and part-time jobs.

To view the full Anderson School design packet by Ankrom Moisan Architects, go to: <http://AndersonSchoolProperties.com>.

Under the Public Benefits Agreement, the Company has agreed to provide fifteen years free use of the soaking/swimming pool and community room for the City residents. If the free services cease to be provided, the Company is obligated to pay the City in cash the then-unamortized portion of the \$4,100,420 public benefit obligation.

Under the terms of the development agreement between the Company, Brewpubs and the City (the "Development Agreement"), the parties have agreed to certain terms regarding the development of the Property, including a concept design plan, schematic design plan, and design development plan for the redevelopment of the Property. In designing the Project, the Company designed its interior pedestrian and vehicular circulation plan to coordinate with the City's plans for the adjacent rights of way and properties. The plans are consistent with the provisions of the Public Benefits Agreement. Any material modification of the plans must be submitted to the City for prior written approval.

The Company, Brewpubs and the City have also agreed on construction plans for the Project. The construction plans are based on the approved concept design plan, schematic design plan, and design development plan.

Financing of Development Costs

Development costs will be funded with the proceeds of this offering and an anticipated \$17 million construction loan, which the Company expects to be converted to permanent financing upon completion of the Project. The Company has obtained a term sheet from HomeStreet Bank describing proposed terms on which the parties expect that construction and permanent debt financing will be made available for the Project. The Company expects to receive a commitment letter from HomeStreet Bank when commitments to raise the equity funding currently being sought by the Company are obtained from investors.

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

<u>Borrower:</u>	Anderson School Properties LLC
<u>Loan:</u>	Commitment amount of \$17,000,000 for construction/rehabilitation of existing structure located at 18603 Bothell Way NE, Bothell, Washington. Loan to Cost is not to exceed 70.0% based on a bank reviewed construction contract including applicable third party and soft costs, excluding the \$4,100,420 contingent obligation under the Public Benefit Agreement.
<u>Interest Rate:</u>	30 day LIBOR index plus 325 basis points. Interest rate floor to be set at initial interest rate.
<u>Repayment:</u>	Interest is payable monthly on the 1 st day of each month. Interest payments shall be automatically deducted from a HomeStreet Bank Account.
<u>Term:</u>	24-month construction period.
<u>Prepayment Penalty:</u>	No prepayment penalty during construction phase.
<u>Maturity:</u>	24 months from funding date.
<u>Fees:</u>	.75% loan origination fee plus all closing costs.
<u>Collateral:</u>	First lien deed of trust (subordinate to the material contracts listed on Appendix A) in all parcels that comprise the subject property.
<u>Compensating Balances:</u>	HomeStreet Bank expects to be the primary bank of deposit for the Company.

McMenamins.

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

With an eclectic mix of pubs, lodging, movie theaters, spas and event spaces throughout Washington and Oregon, McMenamins is one of the largest hospitality providers in the Pacific Northwest. Since its founding in 1983 by brothers Mike and Brian McMenammin, McMenamins, famous for resurrecting old buildings and transforming them into places people seek out, has grown from one pub in Portland, Oregon to 52 locations. Of particular importance to the Project is the fact that no two of these locations are the same. All provide a casual, relaxed atmosphere where children are always welcome and regulars are common. McMenamins focus on creative community hubs, spectacular concert venues, love for art, vintage fixtures, vegetable/herb/flower gardens, and historic buildings draws loyal fans and admirers. Independently-owned, McMenamins continues to earn recognition for its reimagining of historic properties and artistic restorations that spotlight local heritage and bolster tourism.

McMenamins Snapshot:

- 31 years in operation;
- 52 locations in Oregon and Washington, including 9 historic hotels, 2 full-service spas, 5 soaking pools, and 7 theater-pubs;
- Focus on vertical integration with 24 breweries, 2 distilleries, a winery, coffee roaster, bakeries, and produce and flower gardens;
- Approximately 6 percent annual growth since 2010;
- 18 locations on the National Register of Historic Places; and
- Dedication to using salvaged materials in construction; repurposing demolition debris; recycling byproducts like oil, cardboard and plastics; and composting food waste whenever possible.

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

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

McMenamins developments have a positive social impact by filling community needs through free use of a dedicated community room and soaking/swimming pool, unique dining, live music, and art that spotlights local heritage. In the case of the Anderson School, the Property will act as a community history hub and additional community green space will connect with Horse Creek. A long history of reimagining interesting spaces has taught the McMenemy brothers that the best results are achieved through the combined cultural experiences of travel, food, drink, music, original site-specific art and public spaces.

The Lease.

Brewpubs and the Company are parties to a lease of the property dated July 20, 2012 (the "Existing Lease"). Pursuant to the Existing Lease, Brewpubs is currently paying all property taxes, utilities, and property insurance for the Property.

The Company and Brewpubs will replace the Existing Lease with a new Lease before development of the Property begins. The Lease will amend and restate the Existing Lease and entitle Brewpubs to operate a facility offering a 73-room hotel, restaurants, small bars, a brewery, event/meeting space, movies, live music, gardens, and a day spa and soaking/swimming pool. The Company is required to complete development of the Property before possession of the Property will be delivered to Brewpubs. The Lease will commence on the date that Brewpubs opens for business, or if earlier, 60 days after possession of the Property is delivered to Brewpubs.

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

Annual base rent for the first year of the Lease term will be 7.5% of total Project costs and will be paid in 12 substantially equally monthly payments. The total Project costs will equal the Company's costs to acquire the property, plus onsite improvement and building costs incurred by the Company in connection with development of the Project, plus the Company's soft and indirect costs for the development of the Project. During the initial 20-year term of the Lease, base rent will increase 2% annually. However, for year 11 of the initial Lease term, base rent will be adjusted to the fair market rental value of the Property, but the adjusted base rent will not be less than the rent in effect for the preceding year. Thereafter, base rent will continue to increase 2% annually for the duration of the initial Lease term. During the first year of any renewal period, the base rent under the Lease will again be adjusted to the fair market rental value of the Property, but the adjusted base rent will not be less than the rent in effect for the preceding year. The fair market rental value of the Property for the first year of any renewal term will be a value mutually agreed upon by the Company and Brewpubs or determined by one or more independent appraisers if the parties cannot agree and will increase annually at a rate agreed to by the Company and Brewpubs. If Brewpubs does not pay rent or other payments to the Company within 10 days after it is due, the Company can charge interest at the rate of 12% per annum (or, if less, the highest rate allowed by law) and charge a late fee equal to 0.5% of the overdue payment.

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

In addition to base rent, Brewpubs is required to pay when due all taxes and assessments for the Property from the date the Lease is signed (which will be earlier than the Lease commencement date) through the entire Lease term, and must pay all utility charges incurred during the Lease term. Brewpubs must maintain the property damage insurance policy for the Property and the Company will be named as the loss payee on the policy. Brewpubs must maintain commercial general liability insurance covering claims and liability for personal injury, death, or property damage with a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, liquor liability insurance in an amount of at least \$1,000,000, and an umbrella policy in a commercially reasonable amount selected by Brewpubs. The Company will be listed as an additional insured on Brewpubs' liability insurance policies.

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

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

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

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

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

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

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

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

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

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

Compensation, Fees, and Reimbursements to the Manager.

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

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

The Manager will also be a Member of the Company. The Manager will receive 50 B Units as the project developer and Manager. The Manager will also purchase 40 A Units for \$1,000,000.

Related Party Transactions.

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

Environmental Matters.

Environmental contamination is present on the Property. A gas station adjacent to and north of the pool building on the northeast corner of the Property released contaminants, including petroleum hydrocarbons, onto the Property. Remedial action conducted by the Washington State Department of Ecology addressed much of the contamination at the gas station site and the DOE issued a "No Further Action" letter on June 26, 2012, stating that "additional remedial activities would be disproportionate to the levels of remaining contamination at the Site." There is residual contamination along the north side of the pool building, and likely under a portion of the pool building, however. As a result, the Company is required to conduct periodic monitoring of that area and periodic inspections of the pool building, and a Model Restrictive (Environmental) Covenant requires written DOE approval of activities that may affect this portion of the Property.

In addition, a maintenance shop and bus barn were previously located on property adjacent to the southwest corner of the Property. The shop and barn are no longer present. Petroleum hydrocarbons and metals were found on this property, and cleanup was performed by that property's owner and DOE. At this time, the former maintenance shop and bus barn site is considered to have a low potential impact to the Property, but additional groundwater monitoring by the City will be needed to confirm that residual groundwater contamination is not present. The Monitoring License entered into between the City and the Company, grants the City access to the Property for the purpose of installing and monitoring equipment, and inspecting and conduction monitoring activities with respect to the environmental remediation required by the DOE.

Other environmental conditions exist on the Property that are typical of properties of this type and age. Asbestos-containing materials ("ACM") are present in the Anderson School Building. Some ACM was removed in approximately 1993. Lead-based paint ("LBP") was identified on the exterior wood window frames of the Anderson School Building. ACM and LBP may be present in other buildings on the site.

A heating oil underground storage tank of unknown capacity is located on the property, as is one approximately 500-gallon diesel fuel above-ground storage tank. No evidence of staining or releases was observed with either of these tanks by the Company's environmental consultants. Further, both tanks will be removed as part of the preparation for construction and pool renovation. Impacted soil, if any, will be addressed at the time the tanks are removed.

After the Project is completed, some contamination will likely remain on the Property and will continue to require monitoring. The Company has obtained two Phase I Environmental Site Assessments, dated September 27, 2010 and June 18, 2012, and a Phase II Environmental Site Assessment, dated August 3, 2012. The Company believes that no further remedial action is necessary to the Property, subject to the Environmental Covenant that requires the implementation of institutional controls and the monitoring plan for portions of the Property where contamination remains. The Company believes that through required monitoring the environmental contamination is manageable.

Material Contracts.

In connection with the Project, the Company has entered into and will enter into various contracts relating to property acquisition, public benefits, financing, development, environmental compliance, and easements, among other things. Certain material contracts are summarized below. A list of material contracts with brief descriptions is attached as Appendix A.

The Company has entered into agreements with the City of Bothell regarding development and operation of the Project. Some of these contracts restrict the Company's ability to use the Property, require the Company to provide certain benefits to Bothell residents, and allocate certain risks related to the Project.

A Historic Easement requires that the Company maintain the historic features of the Anderson School Building at its cost, and requires that the Company obtain written consent from the City if it wants to alter those features. For example, the façade of the Anderson School Building contains historically significant features that must be maintained.

A Public Benefits Agreement with the City requires the Company to make the pool and a meeting room on the Property available for City residents for a period of 15 years, unless the Company exercises its right to buy out these public benefits according to a formula set out in the Public Benefits Agreement. The total value of these public benefits is \$4,100,420. The formula basically multiplies the monthly value of the public benefits, \$22,780.11, by the number of months remaining in the public benefits period. These public benefits will be provided at the Company's expense, and the Company has indemnified the City from all claims and liability related to the Company's providing access to the public.

During the 15 year public benefits period, the City has the option to purchase the parking parcel on the Property if it provides the Company with some form of alternative parking. During the public benefits period, the Company cannot transfer the Property to any party without the consent of the City. If the Company does sell the Property without the City's consent, the Company is required to buy out the remaining term of the public benefits period, as described above.

Under the Development Agreement, because the Company did not begin construction by December 1, 2013, the City has an option to repurchase the property for the cash portion of the Company's purchase price. Under a letter agreement between the City and the Company, dated February 6, 2014, the City and the Company agreed to extend the deadline for the City to exercise or relinquish the option to repurchase to July 1, 2014. Although the City has not formally relinquished its option, it has stated that it has neither the desire, nor the resources, to purchase the property at this time.

Employees.

The Company does not anticipate hiring any employees at this time. The Company will be managed by NSP, whose principal is Mike McMenamin. NSP will provide or procure all services needed for the Company's administration. See the management team biographies set forth below under the heading "Management Team."

Competition.

The Anderson School will compete with other restaurants, brewpubs, hotels, and event spaces in the Bothell, Washington area, nearby Kirkland, Washington, and other communities at the north end of Lake Washington. Within a five mile radius of the Property, approximately 18 other hotels offer approximately 1,654 rooms. Boutique hotels within about 10 miles of the Property offer approximately 308 rooms.

The Bothell area is served by numerous restaurants, several brewpubs, and event spaces. All of these will offer competition for the facilities constituting the Project. The Company believes that the unique character of the Project, with its ties to the historic Anderson School, will provide it with a sufficient competitive advantage to permit it to succeed.

CAPITAL STRUCTURE AND RETURN TO INVESTORS

Capital Structure

The Company has 600 authorized units of membership interest comprising 400 A Units, 50 B Units, and 150 undesignated Units.

The Company plans to sell \$8 million, or 320, of its A Units to investors. The Company will not accept payment from investors until the Company receives \$8 million in subscriptions. The Company has set June 30, 2014, as the deadline for receiving subscriptions. NSP will invest \$1 million in addition to the securities to be sold to third-party investors, for which it will be issued 40 A Units.

Summary of Allocation of Income Generated.

The table below summarizes the income producing events related to the Company and how the income will be allocated between the Company, the Manager, and McMenamins.

Income Producing Events	Company Income	New School Properties LLC Income	McMenamins Income
One-time developer fee equal to 1% of the development costs		100%	
Annual management fee equal to 0.5% of aggregate capital commitments by investors other than NSP		100%	
Lease to McMenamins	100%		
Revenue from operating Anderson School			100%
Profit on sale of Property (if sale occurred)	100%		

Preferred Return

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

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

Based on the Company's projections, A Unit holders are expected to receive a total return over the assumed life of their investment in the Company equivalent to an internal rate of return between 9.9% and 10.6%. Investor's internal rate of return will depend to a significant extent on the capitalization rate at the time the investor exits the investment. The internal rate of return does not include the benefit of tax credits.

Tax Credits for Members.

Anderson School qualifies for the federal rehabilitation tax credit under Section 47 of the Code based on fact that it was constructed prior to 1936. If certain conditions are met, the cost of rehabilitating the Anderson School building entitles the Company to a tax credit equal to 10% of applicable rehabilitation expenses. The rehabilitation tax credits are expected to pass through to the Members pro rata based on their respective capital contributions.

USE OF PROCEEDS

Proceeds of the offering will be used to: (i) repay the purchase price and expenses incurred by NSP to acquire the Property, approximately \$2.4 million; (ii) pay development costs; (iii) cover offering expenses; and (iv) provide working capital for development.

Project costs will be approximately \$26 million. These costs include: (i) the purchase price of the property, \$2.4 million; (ii) projected development costs, \$23.14 million; (iii) the development fee, \$0.26 million; and (iv) offering expenses, \$0.2 million.

Equity and debt capital will equal the projected project costs of \$26 million. NSP will invest \$1 million and the investors in this offering will contribute an aggregate of \$8 million, for a total equity investment of \$9 million. The \$17 million construction to permanent loan will provide capital to cover the difference between the equity investments and Project costs.

MANAGEMENT TEAM

Management Team

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

The management team for the Project includes: Mike McMenammin, Brian McMenammin, and Larry Dortmund.

Mike McMenammin: Mike has over 30 years of experience developing projects similar to the Project. He is a co-founder of McMenammins and is currently serving as its President and Chief Executive Officer. Mike has overseen McMenammins' development for its entire history. Under Mike's leadership, McMenammins has opened 52 locations. Mike is a native Oregonian. A long history of reimagining interesting spaces has taught Mike that the best results are achieved through the combined cultural experiences of travel, food, drink, music, original site specific art and public spaces.

Brian McMenammin: Brian has over 20 years of experience working in property development and developing projects similar to the Project. He is currently McMenammins Vice President and Secretary. He is inspired by projects that create a sense of community, rehabilitate important historic structures and ultimately have a positive impact. Brian has a political science degree from Oregon State University.

Larry Dortmund: Larry is McMenammins' Chief Financial Officer, has over 26 years of experience working in finance and accounting, and has worked for McMenammins for over 16 years. Before joining McMenammins, Larry was the Controller for Coffee Bean International and an auditor with Deloitte & Touche. He has a degree in business administration with a concentration in accounting from Oregon State University. Larry also earned his CPA certificate (currently inactive) from Oregon State University.

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Michael McMenammin	62	President and Chief Executive Officer of McMenammins, Inc.; Manager of NSP
Brian McMenammin	56	Vice President and Secretary of McMenammins, Inc.
Larry Dortmund	48	Chief Financial Officer of McMenammins, Inc.

SUMMARY OF CERTAIN PROVISIONS OF THE OPERATING AGREEMENT

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

Organization.

The Company was formed in June 2010 as a limited liability company under the Washington Limited Liability Company Act (the "Washington LLC Act"). The Manager is New School Properties LLC, a Washington limited liability company.

Purpose and Project.

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

Two Classes of Members.

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

Further Capital Contributions by the Members.

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

Authority of the Manager.

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

Fiduciary Responsibilities of the Manager.

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

Indemnification of the Manager.

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

Limited Liability of Members.

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

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

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

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

No Right to Withdraw Capital Contribution.

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

Allocation of Company Profits and Losses; Company Distributions.

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

Compensation of the Manager.

The Manager of the Company will receive a management fee for operation of the Company based on the book value of the Company's assets as well as a portion of the Company's profits as set forth above in "Compensation, Fees, and Reimbursements to the Manager" in "The Project" section above.

Other Projects of Members.

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

Amendments.

The Manager may amend the Operating Agreement in certain circumstances, including, amendments required to reflect the preferences and rights of new Units to be issued. Other amendments to the Operating Agreement may be made only upon the agreement of Members holding a majority of A Units.

Restrictions on Assignments of A Units.

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

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

Put and Call Options

Call Option

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

Put Option

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

Return of Capital

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

Books and Reports.

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

POTENTIAL CONFLICTS OF INTEREST

Conflicts of interest may arise between the Company, the Manager, Brewpubs, and McMenamins. The Company, its Manager, Brewpubs, and McMenamins will utilize some of the same key individuals. The time devoted by these individuals to the Manager, Brewpubs and McMenamins may conflict with the time required to operate the Company. The Operating Agreement does not require that the Manager devote a minimum amount of time to provide services to the Company. The Manager may also engage in other real-estate-related projects and ventures and could devote a significant amount of time to these other endeavors.

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

Mike McMenamain is a member of the Manager and also owns an indirect, substantial equity interest in Brewpubs and a direct, substantial equity interest in McMenamins. The Company is dependent on the Manager, Brewpubs, and McMenamins and the interconnected relationships of the parties could create conflicts of interest in relation to decisions the Manager makes for the Company. In addition, once the Project is completed, the Company will lease the Property to Brewpubs, which is owned and operated by the same individuals who own and operate NSP.

FEDERAL INCOME TAX CONSEQUENCES

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

Taxation of Members.

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

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

Organizational and Syndication Expenses.

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

Allocations of Profits and Losses for Tax Purposes.

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

Sale or Other Disposition of A Units.

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

State and Local Taxes.

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

Company Tax Returns and Tax Information.

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

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

WHO SHOULD INVEST

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

Individuals

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

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

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

IRAs

An individual retirement account ("IRA") that covers only a single natural person who is an accredited investor.

Revocable Trusts

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

Irrevocable Trusts

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

Entity Owned Entirely By Accredited Investors

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

Institutions

Investment in the offering is generally open to institutions that qualify as accredited investors, excluding pension plans or other investors who may be subject to the Employee Retirement

Income Security Act ("ERISA"). Each prospective investor is urged to consult its own advisers as to whether it is subject to ERISA.

The list above covers common categories of accredited investors, but is not exhaustive.

Foreign Accredited Investors and EB-5 Financing

An investment in the Company may qualify for the EB-5 program for foreign investors. The following is a brief description of the program and financing requirements.

The federally available EB-5 program is a government incentive program for foreign investors to receive a permanent U.S. visa by creating jobs through approved investments in the United States. It is a program where applications are evaluated and administered by the U.S. Citizenship and Immigration Services ("USCIS") department. For \$1 million per investor the U.S. will issue a valid EB-5 Visa upon investment. Within 2 years after the investment date and proof that the employment quota was obtained by the Project, the investor will obtain a Permanent Visa.

Foreign investors who may be considering an investment in the Company in connection with the EB-5 program should contact the USCIS and the Company for additional information.

FINANCIAL PROJECTIONS

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

ANDERSON SCHOOL PROPERTIES LLC INVESTMENT SUMMARY

Anderson School Properties LLC		
Anderson School Project Investment Summary		
Estimated Project Cost		
Real Property Purchase Cost	\$	2,414,073
Renovation Costs (Includes Sales Tax)	\$	19,279,399
Construction Contingency	\$	1,080,528
Architect Fees	\$	800,000
Legal Fees	\$	250,000
Developer Fee	\$	260,000
Environmental Fees	\$	150,000
Professional Fees	\$	30,000
Financing Costs	\$	472,000
Permits/SDC/Infrastructure Fees	\$	714,000
Soft Cost Contingency	\$	200,000
Construction Interest	\$	350,000
Total Estimated Project Cost	\$	26,000,000
Capital Structure		
		Pro Rata Share
NSP LLC Class A Unit Equity Capital Contributions	\$	1,000,000 11.1%
Investor Member Class A Unit Equity Capital Contributions	\$	8,000,000 88.9%
Senior Debt Financing (Construction to Permanent)	\$	17,000,000
Total	\$	26,000,000
Rate of Return to Establish Rent		7.5%
Annual Rental Income to LLC (Total Estimated Project Cost x Rate of Return)	\$	1,950,000
Monthly Rent to LLC (Year 1)	\$	162,500
Annual Rent Escalator		2.0%
Class A Unit Post Preferred Return %		33.0%
NSP LLC Class B Units Post Preferred Return % (Cash Investment and Promote for Brand Equity)		67.0%
Preferred Return Rate on Class A Unit Equity Capital Contributions		8.0%
Assumed Liquidation of Class A Units		Year 9 of Operations
Assumed Market Capitalization Blended Rate (Hotel and Retail) in Year 9 (Same as 2013 Appraisal)		7.75%
Projected Investor Member Class A Unit IRR - 95% Put		9.9%
Projected Investor Member Class A Unit IRR - 105% Call		10.6%

ANDERSON SCHOOL PROPERTIES LLC CASH FLOW PROJECTIONS

Anderson School Properties LLC Annual Distribution of Cash Flow Projections											
	Loan Amortization August 2015 Opening		Commences July 2016							August 2023 Hypothetical PUT or CALL	Totals
	2015	2016	2017	2018	2019	2020	2021	2022	2023	Totals	
Rental Income	\$ 812,500	\$ 1,989,000	\$ 2,028,780	\$ 2,069,356	\$ 2,110,743	\$ 2,152,958	\$ 2,196,017	\$ 2,239,937	\$ 2,284,736	\$ 17,884,025	
Interest Expense	(318,750)	(759,390)	(746,791)	(733,613)	(719,830)	(705,413)	(690,335)	(674,564)	(658,068)	\$ (6,006,752)	
Principal Payments	-	(137,124)	(286,847)	(300,025)	(313,808)	(328,225)	(343,303)	(359,074)	(375,570)	\$ (2,443,977)	
Other	-	-	-	-	-	-	-	-	-	\$ -	
Net Cash Available for Distribution	\$ 493,750	\$ 1,092,486	\$ 995,142	\$ 1,035,718	\$ 1,077,105	\$ 1,119,320	\$ 1,162,379	\$ 1,206,299	\$ 1,251,098	\$ 9,433,296	
Preferred Return on Capital Contributions (Class A Units) - Investor Member	\$ (438,889)	\$ (971,099)	\$ (837,068)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (6,087,056)	
Preferred Return on Capital Contributions - (Class A Units) NSP LLC	\$ (54,861)	\$ (121,387)	\$ (110,418)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (766,667)	
Investor Member Class A Units Post Preferred Return Distribution - 33% @ Pro Rate Share	-	-	(13,979)	(92,610)	(104,751)	(117,134)	(129,764)	(142,648)	(155,789)	\$ (756,675)	
NSP LLC Class A Unit Post Preferred Return Distribution - 33% at Pro Rata Share	-	-	(1,747)	(11,576)	(13,094)	(14,642)	(16,221)	(17,831)	(19,474)	\$ (94,584)	
NSP LLC Class B Unit Distribution @ 67%	-	-	(31,929)	(211,531)	(239,260)	(267,544)	(296,394)	(325,820)	(355,836)	\$ (1,728,314)	
Total Cash Distributed	\$ (493,750)	\$ (1,092,486)	\$ (995,142)	\$ (1,035,718)	\$ (1,077,105)	\$ (1,119,320)	\$ (1,162,379)	\$ (1,206,299)	\$ (1,251,098)	\$ (9,433,296)	
Preferred Return Balance - Investor Member Class A Units											
Calculated Accrued Preferred Return	\$ (967,056)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	
Remaining Preferred Return from Previous Year	\$ -	\$ (528,167)	\$ (197,068)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total	\$ (967,056)	\$ (1,168,167)	\$ (837,068)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	\$ (640,000)	
Annual Preferred Return Contributed in Cash	\$ 438,889	\$ 971,099	\$ 837,068	\$ 640,000	\$ 640,000	\$ 640,000	\$ 640,000	\$ 640,000	\$ 640,000	\$ 640,000	
Remaining Preferred Return to be Distributed	\$ (528,167)	\$ (197,068)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Preferred Return Balance - NSP LLC Class A Units											
Calculated Accrued Preferred Return	\$ (126,667)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	
Remaining Preferred Return from Previous Year	\$ -	\$ (71,806)	\$ (30,418)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total	\$ (126,667)	\$ (151,806)	\$ (110,418)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	
Annual Preferred Return Contributed in Cash	\$ 54,861	\$ 121,387	\$ 110,418	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	
Remaining Preferred Return to be Distributed	\$ (71,806)	\$ (30,418)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Preferred Return	\$ 493,750	\$ 1,092,486	\$ 947,487	\$ 720,000	\$ 720,000	\$ 720,000	\$ 720,000	\$ 720,000	\$ 720,000	\$ 720,000	

ANDERSON SCHOOL PROPERTIES LLC LIQUIDATION

Anderson School Properties LLC Hypothetical Liquidation Example		
Hypothetical Year of Liquidation	Year 9 Put @ 95%	Year 9 Call @ 105%
Hypothetical Cash Waterfall Liquidation Analysis		
Calculated Hypothetical FMV	\$ 30,070,071	\$ 30,070,071
Loan Balance	(14,556,023)	(14,556,023)
Net Available to Distribute	\$ 15,514,049	\$ 15,514,049
Investor Member Class A Unit Equity Capital Returned	\$ (8,000,000)	\$ (8,000,000)
NSP LLC Class A Unit Equity Capital Returned	\$ (1,000,000)	\$ (1,000,000)
Balance to Distribute	\$ 6,514,049	\$ 6,514,049
Investor Member Class A Units Distribution - 33% at Pro Rate Share	\$ (1,910,788)	\$ (1,910,788)
NSP LLC Class A Units Distribution - 33% at Pro Rata Share	(238,848)	(238,848)
NSP LLC Class B Units Distribution - 67%	(4,364,413)	(4,364,413)
Balance	\$ -	\$ -
Cash Distributed to Investor Member Class A Units at Liquidation		
Return of Equity Capital Invested	\$ 8,000,000	\$ 8,000,000
Share of Available Cash at Hypothetical Liquidation	\$ 1,910,788	\$ 1,910,788
Total Cash Distributable to Investor Member Class A Units on Liquidation	\$ 9,910,788	\$ 9,910,788
Option Purchase Price for Investor Member Class A Units	\$ 9,415,248	\$ 10,406,327

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

McMenamins, Inc.										
Anderson School Project										
Annual Income Statement Projections										
In (000's)										
	Anderson School Project Projections									
	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
TOTAL REVENUES	\$ 13,492,400		\$ 13,915,823		\$ 14,348,453		\$ 14,790,563		\$ 15,455,600	
Revenue per Day	\$ 36,965		\$ 38,126	3.1%	\$ 39,311	3.1%	\$ 40,522	3.1%	\$ 42,344	4.5%
COST OF SALES	\$ 6,306,723	46.7%	\$ 5,832,209	41.9%	\$ 5,939,210	41.4%	\$ 6,046,281	40.9%	\$ 6,253,382	40.5%
GROSS PROFIT	\$ 7,185,677	53.3%	\$ 8,083,614	58.1%	\$ 8,409,242	58.6%	\$ 8,744,282	59.1%	\$ 9,202,218	59.5%
INDIRECT EXPENSES	\$ 1,281,829	9.5%	\$ 1,371,729	9.9%	\$ 1,414,375	9.9%	\$ 1,457,955	9.9%	\$ 1,523,510	9.9%
OPERATING EXPENSES	\$ 6,229,107	46.2%	\$ 5,362,047	38.5%	\$ 5,497,809	38.3%	\$ 5,636,470	38.1%	\$ 5,825,401	37.7%
INCOME (LOSS) FROM OPERATIONS	\$ (325,259)	-2.4%	\$ 1,349,838	9.7%	\$ 1,497,059	10.4%	\$ 1,649,857	11.2%	\$ 1,853,308	12.0%
TOTAL OTHER (EXPENSE)	\$ (72,000)	-0.5%	\$ (61,714)	-0.4%	\$ (51,429)	-0.4%	\$ (41,143)	-0.3%	\$ (30,857)	-0.2%
INCOME (LOSS) BEFORE TAXES	\$ (397,259)	-2.9%	\$ 1,288,124	9.3%	\$ 1,445,630	10.1%	\$ 1,608,714	10.9%	\$ 1,822,451	11.8%
CASH FLOW INFORMATION										
Operating Cash Flow (NI + Dep + Int)	\$ 1,910,455		\$ 3,624,553		\$ 3,811,553		\$ 4,004,927		\$ 4,249,765	
Less: Principal Pmts	\$ (228,571)		\$ (228,571)		\$ (228,571)		\$ (228,571)		\$ (228,571)	
Interest Pmts	\$ (72,000)		\$ (61,714)		\$ (51,429)		\$ (41,143)		\$ (30,857)	
Rent Pmts	\$ (1,950,000)		\$ (1,989,000)		\$ (2,028,780)		\$ (2,069,356)		\$ (2,110,743)	
Cash Available after Prin, Int. & Rent Pmts	\$ (340,116)		\$ 1,345,267		\$ 1,502,773		\$ 1,665,857		\$ 1,879,593	
Operating Cash Flow Ratio	0.85		1.59		1.65		1.71		1.79	
NOTE: Operating Expenses Include \$1,000,000 in start up costs in Year 1.										

FORWARD-LOOKING STATEMENTS

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

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

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

ADDITIONAL INFORMATION

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

PLAN OF DISTRIBUTION AND INVESTMENT PROCEDURES

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

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

The A Units are offered only pursuant to a subscription agreement. A subscription agreement will be provided, and an offer of A Units made, only to persons who (A) have provided proof of Accredited Investor status and (B) are resident or domiciled in a state in which all required filings relating to the offering have been filed and accepted. Each prospective investor will be required to complete and deliver to the Company a subscription agreement establishing that the investor (i) is an accredited investor; (ii) is willing and able to bear the economic risks of an investment; (iii) has read and understands this Circular, the Company's Operating Agreement, and other transaction documents; and (iv) is purchasing A Units for his or her own account, for investment, and not with a view to resale. The subscription agreement will include certain warranties and representations that the investor will need to make in order for the subscription to be accepted by the Company. The minimum subscription amount is \$250,000.

The Company will not accept funds until commitments for the total offering amount, \$8 million, are received. The Company may increase the total offering amount in its sole discretion. If the total offering amount of \$8 million is received on or before 5:00 p.m. Pacific Standard Time on June 30, 2014, the Company, in its sole discretion, will accept subscription agreements and payment from investors.

The Company expects closing of the offering to occur promptly after June 30, 2014, or any earlier date by which the offering is fully subscribed. Each investor will be required to remit by wire transfer or check an amount equal to 10% of the purchase price for its subscribed-for A Units at closing. The balance of investor commitments will be payable as needed during Project development, with not less than 10 business days' prior written notice from the Company or the Manager. Investors should expect to fund their entire commitments within 180 days of closing.

DEFINITIONS

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EXHIBITS

The following documents can be downloaded at: <http://andersonschoolproperties.com/contact-us.html>:

The Company's Operating Agreement

Documentation Required to Confirm Accredited Investor Status

Certain Material Contracts

APPENDIX A

Material Contracts

Purchase, Sale, and Development-Related Documents

1. Purchase and Sale Agreement between the City of Bothell and the Company (as amended, the "Purchase Agreement"): sets forth the terms under which the City of Bothell sold the Property to the Company. The Purchase Agreement also allows the City to repurchase the large parking lot on the Property subject to certain conditions.
2. Bargain and Sale Deed between the City of Bothell and the Company: conveys the Property from the City to the Company ("Bargain and Sale Deed").
3. Bill of Sale between the City of Bothell and the Company: conveys all right, title, and interest to all personal property used in connection with the operation of the Property to the Company (the "Bill of Sale").
4. Public Benefits Agreement, dated July 20, 2012 (and amended thereafter), between the City of Bothell, the Company, and Brewpubs: requires the Company to provide free use of a pool and meeting space to City residents over a period of 15 years unless the Company buys out the remaining term of public benefits. The public benefits granted by the Company to the City have an agreed value of \$4,100,420 (\$22,780.11 per month). The Public Benefits Agreement also sets forth certain deadlines.
5. Guaranty Agreement between McMenamins and the City (the "Public Benefits Guaranty"): McMenamins guarantees the full, faithful, timely, and complete performance by the Company and Brewpubs of their obligations under the Public Benefits Agreement.
6. Development Agreement between the Company and the City regarding the development of the Property (as amended, the "Development Agreement"): requires that the Company develop, and that Brewpubs operate, the Property subject to certain terms and conditions set forth in the Development Agreement and Public Benefits Agreement. The Development Agreement also provides certain deadlines and the consequences for not meeting those deadlines.
7. Development Agreement Re: Frontage Improvements between the Company and the City of Bothell (as amended, the "Frontage Improvements Development Agreement"): requires that the Company contribute \$339,000 to the City toward the construction costs of certain improvements to State Route 527, including construction of an access lane from the main highway and installing curbing, sidewalks, handicapped ramps, lighting and landscaping. McMenamins has guaranteed full, faithful, timely, and complete payment of the \$339,000.
8. Guaranty of Completion between McMenamins and the City: McMenamins guarantees the full, faithful, timely, and complete performance of the Company and Brewpubs of their obligations under the Development Agreement (the "Guaranty of Completion").

Easements and Other Access-Related Agreements

9. Historical Easement Agreement between the City of Bothell, the Company, and Brewpubs ("Historical Easement Agreement"): perpetual easement granted for the purpose of preserving, protecting and maintaining the historic features of the Property's W.A. Anderson School building. The Historical Easement Agreement requires prior written consent from the City before construction, alteration, remodeling, or other activity affecting the historic features or height of the W.A. Anderson School building.
10. Monitoring License between the City of Bothell and the Company ("Monitoring License"): grants the City a temporary right to enter upon the Property to install and maintain monitoring equipment, and inspect and conduct monitoring activities with respect to the environmental remediation relating to the former maintenance shed and bus barn that were located adjacent to the southwest corner of the Property.
11. Reciprocal Access Easement Agreement between the Company and the City of Bothell: grants both parties a perpetual twenty-foot-wide access easement along the southern boundary of the Property ("Reciprocal Easement"). The land to the south of the Property is currently owned by the City and is a paved parking lot.
12. Yard License between the City of Bothell and the Company ("Yard License"): allows the Company to temporarily enter upon the grassy area between the Property and State Route 527, and install, maintain, and use certain limited improvements on.
13. Model Restrictive (Environmental) Covenant between the City of Bothell and the Washington State Department of Ecology ("DOE") regarding the Property ("Environmental Covenant"): recites the contamination and remediation history of the northeast portion of the Property and sets forth the requirement that the owner of the Property (now the Company) obtain prior written approval from DOE before it alters, modifies, or otherwise removes structures in a manner that may result in the release or exposure to the environment of contaminated soil or create a new exposure pathway.
14. No Further Action Letter dated June 16, 2012, from the Washington State Department of Ecology ("No Further Action Letter"): confirms that no further investigation or remediation is necessary near the pool building in the northeast corner of the Property, subject to the Environmental Covenant that, among other things, requires the implementation of certain contamination controls and a monitoring plan for portions of the Property where contamination remains.
15. Sanitary Sewer/Storm Drainage Easement, as amended, between the Company and the City of Bothell: provides the City with a perpetual, exclusive easement along the western boundary of the Property for the relocation, construction, and maintenance of a stormwater drainage system and sanitary sewer, including permanent drainage structures, sewer lines, pipes, culverts, stream channel and associated erosion and sediment control facilities, together with the right of access thereto.

The Lease with Brewpubs

16. Before Project development begins, the Company will enter into the Lease with Brewpubs.

The contracts listed as 1, 4, and 6 above can be found at:

<http://andersonschoolproperties.com/contact-us.html>. The other contracts listed will be provided upon request to the Company.