



1099 DIVIDEND
Fund IV

V1.0

FREQUENTLY
ASKED QUESTIONS

OVERVIEW

The MLG 1099 Dividend Fund IV LLC is a Parallel Fund investment vehicle that invests alongside MLG Private Fund IV that was designed for investing with retirement accounts (such as IRAs and 401(k)), nonprofits, foundations, endowments, and may avoid multi-state tax filings.

MLG 1099 Dividend Fund IV

What are my tax reporting/filing expectations within the MLG 1099 Dividend Fund IV LLC?

The MLG 1099 Dividend Fund IV LLC will receive a 1099 form from the subsidiary REIT (MLG Fund IV REIT LLC). Investors in the MLG 1099 Dividend Fund IV LLC will then receive a federal Schedule K-1 (indicating dividend income)

Can I invest in my retirement account in either fund?

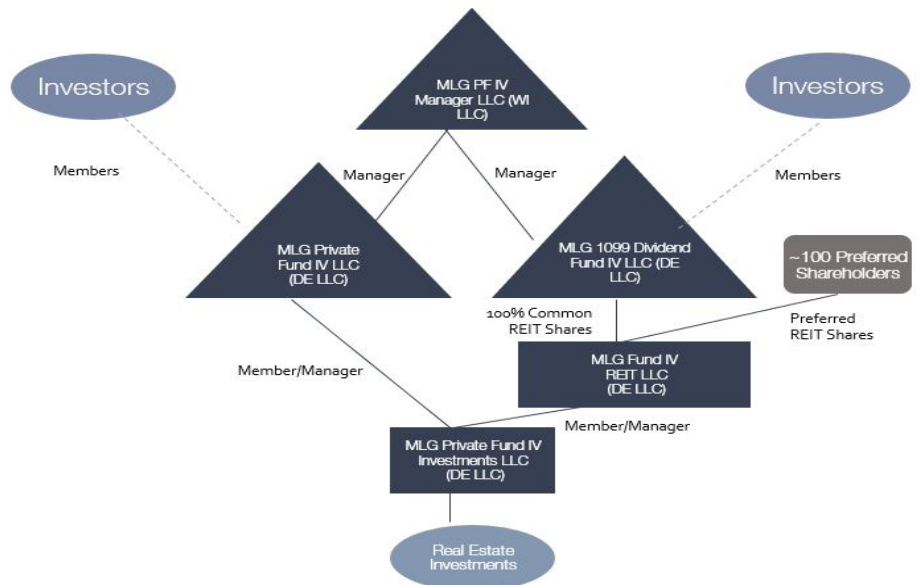
No, for retirement accounts, MLG will only accept subscriptions in the MLG 1099 Dividend Fund IV LLC.

Custodians and choosing one

An investor choosing to proceed with an investment of retirement accounts (such as IRA or 401k) will have to pick a custodian to “hold” the investment in the MLG 1099 Dividend Fund IV LLC.

1. Custodian. When making an investment in MLG 1099 Dividend Fund IV LLC, in general, a retirement benefit plan custodian must first approve the offering if it has not already done so. MLG Capital offerings in the past have been held by Fidelity Alternative Investments, Self-Directed IRA Services, Equity Trust Company, Shilpa Solo, Quest, Goldstar, and Strata Trust Company. MLG Capital does not endorse these custodians and we are simply noting custodians used by prior investors in prior investments. The investor must select their own custodian to make an investment into the MLG 1099 Dividend Fund IV LLC.

2. The MLG 1099 Dividend Fund IV LLC has applied for approval with Fidelity’s Alternative Investment Platform for the MLG 1099 Dividend Fund IV LLC.



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	PRIVATE FUND IV LLC (MAIN FUND)	1099 DIVIDEND FUND IV LLC (PARALLEL FUND)
UBTI	<ul style="list-style-type: none"> Unrelated business taxable income (“UBTI”) may be generated for U.S. tax-exempt investors for investments that are held by the Main Fund. Portion of the gain from the sale of the Main Fund’s interest in MLG Private Fund IV Investments LLC (“HoldCo”) would be UBTI based on the amount of HoldCo’s debt. Tax-exempt investors may be subject to state tax on UBTI. The Main Fund may not be suitable for individual retirement accounts, 401(k)s, or other pension plans. 	<ul style="list-style-type: none"> Tax-exempt investors in the Parallel Fund generally will not be subject to UBTI on dividend income received by the Parallel Fund from MLG Fund IV REIT LLC (“Subsidiary REIT”), unless: <ul style="list-style-type: none"> (i) the investor has borrowed the money used to invest in Subsidiary REIT, or (ii) Subsidiary REIT is a pension-held REIT and the tax-exempt investor is a pension plan owning over 10% interests in the Parallel Fund. Any debt incurred at the Parallel Fund level would typically generate UBTI.
LOSSES	Investors may be able to utilize tax losses generated by the Main Fund or utilize certain items of deduction attributable to the investment activities of the Main Fund.	Tax credits and tax losses, created by depreciation deductions, do not flow through the Subsidiary REIT (e.g., losses do not pass through Subsidiary REIT, on to investors in the Parallel Fund). However, such losses may typically be carried forward by the Subsidiary REIT until such time as future income is incurred.
STATE TAX	Investors in the Main Fund may be subject to state income taxes in multiple jurisdictions.	<ul style="list-style-type: none"> Subsidiary REIT may be subject to certain state and local taxes on its income and property, although Subsidiary REIT may avoid state income taxes that would otherwise be incurred if property were held directly by the Parallel Fund. State and local jurisdictions may not follow the federal income tax treatment of REITs, such jurisdictions may tax Subsidiary REIT income even though as a REIT it is not subject to federal income tax. Investors in the Parallel Fund may be subject to state income taxes in the state where the investor is a resident.
INVESTMENTS	The Main Fund may directly, or indirectly, hold certain types of properties which are not compatible with the REIT requirements.	REIT requirements may cause the Parallel Fund to: <ul style="list-style-type: none"> (i) forego opportunities; (ii) liquidate opportunities; or (iii) limit the Parallel Fund’s expansion opportunities. Certain activities may need to be conducted through a taxable REIT subsidiary of Subsidiary REIT.
EXIT	REIT exit strategies are not available.	The Parallel Fund may structure an exit from the investment as a sale of REIT shares rather than an asset sale, or sell the assets and liquidate Subsidiary REIT.

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*This overview is qualified in its entirety by reference to the Confidential Private Placement Memorandum (as modified or supplemented from time to time, the “Memorandum”) of MLG Private Fund IV LLC (the “Main Fund”) and MLG 1099 Dividend Fund IV LLC (the “Parallel Fund,” and together with the main Fund, the “Fund”), the limited liability company agreements (the “LLCAs”) of the Main Fund and the Parallel Fund, each as may be amended and/or modified from time to time, and a subscription agreement related thereto, copies of which will be made available upon request and should be reviewed before purchasing a Units in the Fund. This overview is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. The contents of this overview are not to be considered as legal, business or tax advice, and each prospective investor should consult its own attorney, business advisor and tax advisor as to legal, business, and tax advice.

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TAX FILINGS	<p>Investors in the Main Fund will receive a Schedule K-1.</p> <p>Investors in the Main Fund may have additional state income tax filing obligations in multiple states.</p>	<p>The Parallel Fund will receive a 1099-DIV from Subsidiary REIT.</p> <p>Investors in the Parallel Fund will receive a Schedule K-1.</p>
DOUBLE TAXATION	<p>The Main Fund should not receive double taxation treatment.</p>	<ul style="list-style-type: none"> • If Subsidiary REIT fails to qualify as a REIT during a year, Subsidiary REIT could be subject to a 21% corporate-level income tax, and applicable state and local taxes, for such year and possibly for the four subsequent years. • Failure to maintain REIT tax qualification can result in additional tax liability, thus reducing the amount of income available for distribution and could significantly impact returns to the Parallel Fund and its investors. • If Subsidiary REIT fails to qualify as a REIT and does not qualify for statutory relief provisions, Subsidiary REIT would not be required to distribute substantially all REIT taxable income to the Parallel Fund. • Even if Subsidiary REIT qualifies as a REIT, it will be subject to certain federal income or excise taxes and certain state and local taxes on its income and property.
DEDUCTION	<ul style="list-style-type: none"> • Non-REIT income deduction is limited to 20% of the sum of the taxpayer's qualified business income (less net capital gain). • Deduction is limited to certain W-2 wages and depreciable property basis limitations. 	<ul style="list-style-type: none"> • Individuals, trusts, and estates generally may deduct 20% of ordinary REIT dividends. • Deduction for qualified REIT dividends is not subject to wage and property basis limits.
DEALER PROPERTY	<p>If a property is dealer property or a leveraged investment, the property may not be depreciable and gain on its sale will be ordinary income rather than capital gain; ordinary income is taxed at ordinary rates up to 37% for individuals and 21% for corporations.</p>	<p>Dealer property held by Subsidiary REIT may be subject to a safe harbor where certain sales by Subsidiary REIT may be exempt from a prohibited transaction tax.</p>

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	PRIVATE FUND IV LLC (MAIN FUND)	1099 DIVIDEND FUND IV LLC (PARALLEL FUND)
DISTRIBUTIONS	<p>Investors will be taxed on partnership income of the Main Fund regardless of whether they receive distributions from the Main Fund.</p> <p>The Main Fund's items of income, gain, loss, deduction, and credit, and the character of such items, will generally flow through to the investors.</p>	<ul style="list-style-type: none"> • Investors will be taxed on partnership income of the Parallel Fund regardless of whether they receive distributions from the Parallel Fund. • The Parallel Fund's items of income, gain, loss, deduction, and credit, and the character of such items, will generally flow through to the investors. • Subsidiary REIT distributions, to the extent of current and accumulated earnings and profits, generally will be taxable as ordinary income. <p>A portion of Subsidiary REIT distributions may:</p> <ul style="list-style-type: none"> (i) be capital gain dividends generally taxable as long term capital gain, (ii) be qualified dividend income generally to the extent they are attributable to dividends received from non-REIT corporations, or (iii) constitute a return of capital generally to the extent that they exceed current and accumulated earnings and profits.

The foregoing information is presented merely as a summary of selected differences between the Main Fund and the Parallel Fund and is qualified in its entirety by reference to the more detailed "Confidential Private Placement Memorandum" of MLG Private Fund IV LLC and MLG 1099 Dividend Fund IV LLC.

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