

**Project Supplement No. 11**  
**(Dated July 23, 2024)**  
**to the Supplement**  
**of TEI Diversified Income & Opportunity Fund VI, LLC,**  
**dated March 1, 2022**

This Project Supplement No. 11 (this “**Supplement**”) dated July 23, 2024 modifies and supplements the Confidential Private Placement Memorandum of TEI Diversified Income & Opportunity Fund VI, LLC dated March 1, 2022, and should be read only in conjunction with the Memorandum and the other Supplements Number 1 through 10 previously issued. Terms with initial capitals not otherwise defined in this Supplement have the meanings set forth in the Memorandum.



**Supplement**

This Project Supplement pertains to the acquisition of 501 W. 58<sup>th</sup> Avenue Warehouse located at 501 West 58<sup>th</sup> Avenue, Anchorage, Alaska 99518 (the “**Property**”)

## Acquisition and Business Plan

The business plan is to manage the Property at current rents and lease both spaces at fair market value upon the lease expirations at the end of 2027. It is assumed in the Financial Forecast, but not guaranteed, that Platt will exercise their option at fair Market value and the Chugach space will be leased at fair market value. We assume fair market value in 2028 will be \$18.72 PSF (\$16.00 PSF grown annually at 4%).

The purchase price for the Property is \$9,100,000, which reflects a cost of \$189.58 per square foot, and a projected going-in cap rate on the purchase price of approximately 7.81% before reserves for capital expenses, tenant improvements and leasing commissions. The Agreement of Purchase and Sale to purchase the Property was entered into as of March 7, 2024. The closing date for the acquisition of the Property was June 25, 2024.

The total Invested Capital raise pursuant to this offering is \$4,491,188.30. The Fund invested \$366,001.03 of the total Invested Capital for a 8.1493% membership interest in one of the tenants in common that comprise the Owner, Anchorage 501 Industrial Equities LLC, as described below.

The Property will be purchased by a tenancy in common consisting of Anchorage 501 Industrial Equities LLC, Anchorage 501 Industrial 431 Avenue P LLC, Anchorage 501 Industrial 655 Dutch LLC, Anchorage 501 Industrial 655 Maiden LLC, and Anchorage 501 Industrial CEG IV LLC (“**TIC**” or “**Anchorage 501 TIC**”) (collectively, the “**Owner**”) on June 25, 2024. The managers of each Owner are Francis Greenburger and Robert Kantor (“**Managers**”).

The Property consists of one building with a total first floor space of 48,826 SF, 6,391 SF of mezzanine space, and a covered outdoor yard in the rear of 5,955 SF, situated on a 2.44 acre site. The Property is divided into two spaces for lease.

The first space, consisting of 18,963 SF, is leased to Rexel USA, Inc., the successor-in-interest to General Electric Company and General Supply & Services, Inc. who also does business as GEXPRO and PLATT (“Platt”), who has been a tenant at the property since 2004. Platt is a regional electric supply company and today serves customers throughout the west from a network of over 136 full service stocking locations and distribution centers in Salt Lake City, Utah, Beaverton, Oregon, and Patterson, California.

The second space, consisting of 29,863 SF, will be leased back at Closing (defined below) by an affiliate of the Seller (defined below), Chugach Alaska Corporation (“Chugach”), per the same terms as Platt’s lease. Chugach (<https://www.chugach.com>) is one of thirteen Alaska Native Regional Corporations and currently has a portfolio of complementary operating businesses, projects and investments across a range of industries.

Platt has one (1) 5-year option remaining at “fair market value” however Platt is not currently paying rent on the mezzanine space (3,700 SF) and covered outdoor yard (5,955 SF), both of which Platt is using. The net effective base rent for this space is currently \$9.08 PSF compared to conservatively underwritten market rents of \$16.00 PSF (as comparison, our newly signed lease with Amazon at 5900 Old Seward Highway, Anchorage, AK was for \$16.92 PSF on 88,612 SF of first floor space + 9,475 SF of outdoor space + Amazon paid \$0.13 PSF for excess land – the combined total rent was equivalent to \$18.72 PSF increasing by 3.0% annually). At Platt’s lease expiration, we assume Platt will exercise their option and conservatively calculate fair market value in 2028 to be \$18.72 PSF (\$16.00 PSF grown annually at 4%).

Chugach currently uses their space for file storage with their long-term plan to digitize all record keeping and remove the need for this storage. The business plan assumes that Chugach will not need the space after December 31, 2027, and will vacate at that time. Given Chugach does not have any renewal options, we

will attempt to re-let the second space with plenty of advanced notice at market rents, but such lease is not guaranteed.

The seller of the Property is 58<sup>th</sup> Avenue Warehouse, LLC (the “Seller”).

**501 W. 58<sup>th</sup> Avenue Warehouse Building Description:**

EXTERIOR:	<p>The exterior walls consist of painted concrete masonry units (“CMU”).</p> <p>The soffits and trim consist of aluminum.</p> <p>The building features typical aluminum and glass, storefront doors and associated window systems. The windows are non-opening. Service doors are metal in metal frames. The loading dock doors are standard metal roll-up doors</p>
SUPERSTRUCTURE:	<p>The building is made of steel and concrete masonry unit (CMU) construction.</p> <p>The CMU exterior walls serve as the load-bearing frame for the building with interior steel columns supporting the roof trusses</p>
ROOFING SYSTEM:	<p>The roofing systems are flat and covered with a built-up tar roofing system.</p> <p>The roof is sloped to direct storm water to interior roof drains that discharge to paved areas near the building. Overflow drainage occurs at the roof edges one the north and south sides of the building.</p>
HVAC:	<p>Heating and cooling for the building is provided via two packaged natural gas rooftop units - one 10-ton Lennox unit and one 5-ton Trane unit. Both utilize R-410a refrigerant. The warehouse spaces are heated via two Greenheck rooftop natural gas heaters with capacities around 2,450 MBTU/hr each.</p>
SECURITY FIRE & SAFETY:	<p>Hard-wired smoke detectors were present in the office spaces</p> <p>The building is fully equipped with a dry-type fire suppression (sprinkler system) fed by a main in one unit and a supplemental riser in the other unit. The system is equipped with backflow preventers and check valves. A fire alarm control panel is present in the building</p>
PARKING:	<p>there are approximately 10 onsite parking spaces, one of which is an ADA parking space.</p>
UTILITIES:	<p>Electricity – Chugach</p> <p>Gas – Enstar</p> <p>Water – Anchorage Waste &amp; Wastewater Utility (AWWU)</p> <p>Sewer – Alaska Waste</p>

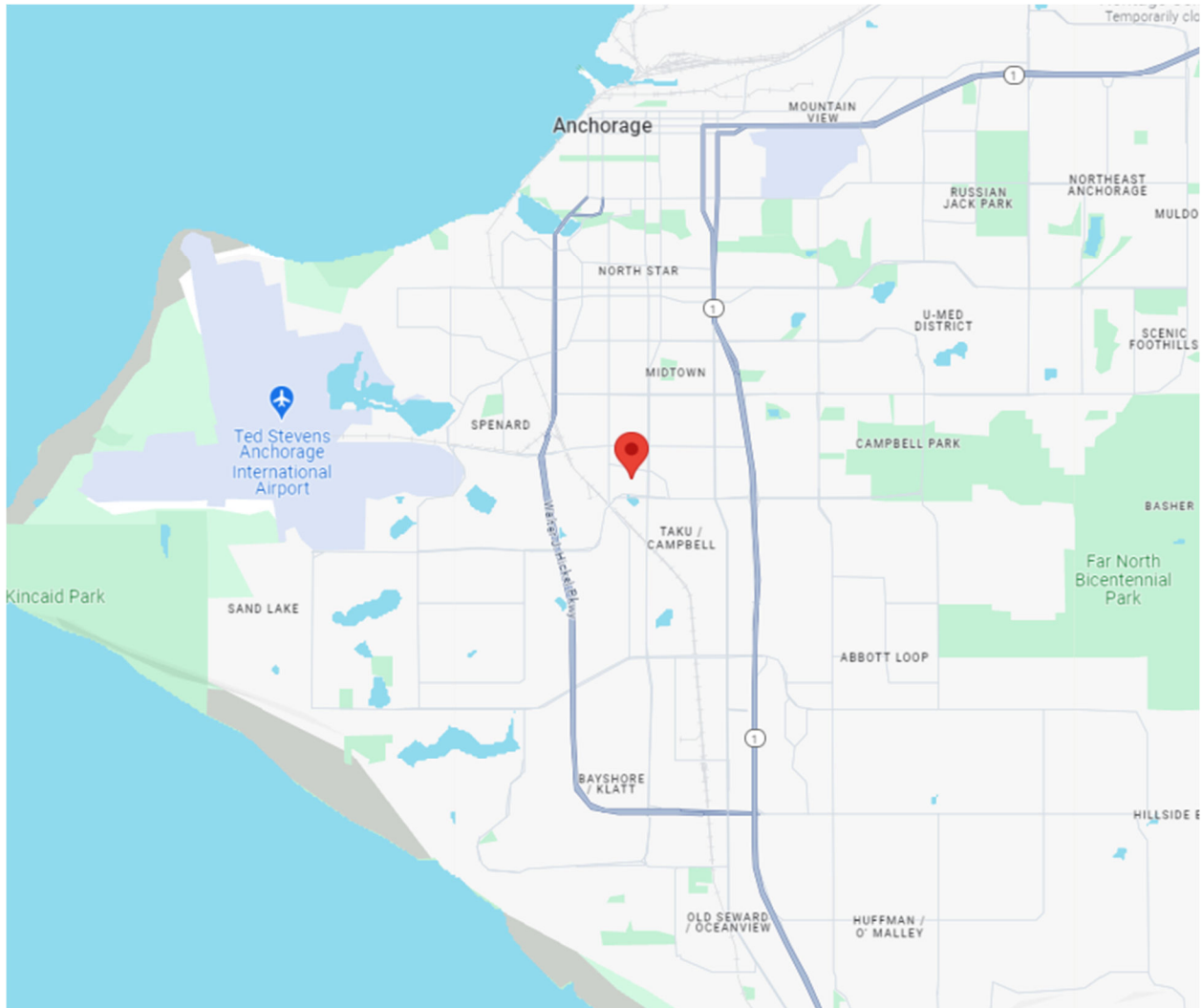
## Aerial View & Site Plan







## Regional Description and Property Location



The Property is a well-located industrial building located three (3) miles east of the Anchorage airport.

Located at the southern portion of the State of Alaska, Anchorage is the economic and social epicenter. While the city covers only 2.1% of the state's total land mass, over 70% of the state's population resides in the city of Anchorage's limits. The remainder of the population is dispersed over vast areas and located in relatively center cities/towns. The city experienced a rapid expansion in the 1970's with the completion of the Trans-Alaska Pipeline, which transports petroleum products from the oilfields in the northern portion of the state to the ports and refineries in the southerly portion. Anchorage serves as the transportation hub and regional port to distribute Alaska's wealth of natural resources including oil/petroleum product; seafood trade; timber/wood products; and mined minerals. Today, Anchorage acts as the financial and economic center for the state of Alaska. The economy is still largely dependent on the export of natural resources, primarily oil and fish, but other industries have broadened the employment composition of the city since the oil boom in the 1970's. The top employers in the city are government entities (military and municipal positions), while the private employers are local hospitals and utility companies. Ted Stevens Anchorage International Airport is the 4th busiest cargo airport in the world per the Alaska Department of Transportation and Public Facilities website (<https://dot.alaska.gov/>).

Every Alaskan resident is paid an annual dividend by the state of Alaska from a fund derived from oil reserves— called the Permanent Dividend Fund. The annual payout varies depending on the economic climate.

### Market and Submarket

Anchorage industrial lease space is in high demand and in short supply. There are a few reasons for this. First, it's difficult to build new warehouses due to the cost of construction. Second, most of the remaining developable land requires soil remediation – an additional expense to meet the requirements for new buildings.

Increase in land cost represents only one of the major hurdles for new construction. Another one is the subsurface quality of the soil in the remaining developable land; Based on our observations, Anchorage is running out of developable land, and all the good gravel-based land has been developed.

Most recently, over \$6 billion in infrastructure funding authorized by the federal Infrastructure Investment and Jobs Act has been awarded to Alaska organizations. Anchorage is a hub of the statewide construction industry, and local employers will see increased demand for their services statewide per the 2024 Anchorage Economic Forecast Report prepared by Anchorage Economic Development Corporation

Shipping through the Port of Alaska will continue at historically high volumes through the next year 2024 Anchorage Economic Forecast Report prepared by Anchorage Economic Development Corporation. This is due to construction projects throughout the state supporting strong cement demand, resulting in a nearly 50% increase in shipping volume over last year. The construction projects at the Port in 2024 should increase capacity in future years, and shipping volume will likely remain stable through the next year.

### Tenants

Below is a list of all the existing tenants, including the square footage, lease expiration dates and rents for each such tenant:

Tenant	SF	Lease Start	Lease End	Base Rent	Gross Rent
				Annual	Annual
1. Gexpro	18,963	4/1/2024	12/31/2027	\$307,201	\$344,020
2. Chugach	29,863	4/1/2024	12/31/2027	\$483,781	\$600,600
<b>TOTAL</b>	<b>48,826</b>			<b>790,981</b>	<b>944,621</b>

## Lease Rollovers

There are no leased spaces expiring during calendar years 2024-2026 pursuant to the terms of the applicable leases.

The following is a listing of the square footage of leased space that expires during calendar years 2025-2029:

Calender Year	SF Expiring	% of Total Rentable SF
2025	0 SF	0%
2026	0 SF	0%
2027	48,826 SF	100%
2028	0 SF	0%
2029	0 SF	0%

## Estimated Sources and Uses for the Invested Capital

The following is the projected sources and uses for the capitalization of the acquisition of the Property.

### **SOURCES**

Invested Capital	\$ 4,491,188
Acquisition Loan	\$ 5,400,000
<b>Total</b>	<b>\$ 9,891,188</b>

### **USES**

Purchase Price	\$ 9,100,000
Acquisition Fee	\$ 182,000
Legal Fees	\$ 16,847
Due Diligence Costs	\$ 97,800
Title Insurance	\$ 18,328
Tax Reserve	\$ 8,637
Immediate Repair Reserve	\$ 303,545
Mortgage Costs	\$ 101,490
Taxes	\$ 50,312
Leasing Commissions	\$ 51,536
Working Capital & Reserves	\$ 583,793
Less AP Credits	(\$ 23,100)
Less Working Capital Loan from Goldman Sachs	(\$ 600,000)
<b>TOTAL PROJECT COSTS</b>	<b>\$ 9,891,188</b>

The above uses for Invested Capital consist of the following ineligible use for exchange proceeds:

Working Capital and Reserves	\$583,793
Mortgage Costs	\$101,491
Tax Reserve	\$ 8,637
Immediate Repair Reserve	\$303,545



Taxes	\$50,313
Leasing Commissions	\$51,536
<b>Total</b>	<b>\$1,099,315</b>

### **Managing Broker Dealer and Selling Commission**

Time Equities Securities LLC is the managing broker dealer for this offering. Selling commissions in an amount of up to 8% of the amount subscribed for by Investors may be charged by Time Equities Securities LLC (the “**Managing Broker Dealer**”) and paid by the Anchorage 501 TIC. The Invested Capital includes selling commissions in the amount of \$0.00, as the selling commissions are waived. The Managing Broker Dealer will then pay any selling commissions due to a Selling Group Member (a broker dealer and/or registered investment advisor, who is a member of FINRA), that participates in this offering, if any. The Managers and/or their Affiliates will acquire their membership interests for this offering without paying any such selling commissions. To the extent selling commissions are not paid for a subscription by an Investor (which may include affiliates of the Managers), the Managers, in their sole discretion, may allow such Investors to acquire their membership interest on a grossed up basis as to the amount of selling commissions that are not incurred for any such Investor.

### **Financial Forecast**

As per the Financial Forecast for the Property (The “**Financial Forecast**”), the Sponsor has assumed obtaining a 10-year acquisition loan to be obtained at Closing (the “**Acquisition Loan**”). The projected terms of the Acquisition Loan assumed for purposes of the Financial Forecast are as follows:

<b>Acquisition Loan Lender:</b>	Goldman Sachs Bank USA
<b>Loan Amount:</b>	\$6,000,000*
<b>Loan to Value Ratio:</b>	66%
<b>Interest Rate:</b>	6.40%
<b>Monthly Payments:</b>	\$32,000, interest only
<b>Loan Closing Costs:</b>	\$1,391,187
<b>Use of Loan Proceeds:</b>	The initial advance of the loan proceeds equal to \$5,400,000 will be used in addition to the Invested Capital to acquire the Property. The remaining advance of the loan proceeds equal to \$600,000 will be used to fund working capital after Closing.

\*\$5,400,000 will be advanced at Closing to fund the acquisition of the property, and the remaining \$600,000 will be funded ten (10) business days after the Closing for working capital.

Under the Financial Forecast, the following is the estimated return on the amount of the Invested Capital, without regard to the profit participation payable to the Managers.

### **PROJECTED RETURNS AT THE PROPERTY LEVEL**

The following are the projected property leveraged returns on Invested Capital.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Returns on Invested Capital after Debt Service Payments	6.56%	7.04%	7.52%	2.38%	-0.69%	11.00%	11.60%	12.22%	8.59%	12.41%

The Financial Forecast for the Property projects an average annual return over 10 years from net cash flow at 7.86%.

**As noted above, returns are at the property level and do not reflect the fees to be paid to the Managers as set forth in the Fee Agreement (described below) and/or the distribution formula for cash available for distribution upon any subsequent roll up of the Anchorage 501 TIC into one entity, as described below.**

Such projections do not include a hypothetical sale of the Property at the end of the ten (10) year forecast period.

The Financial Forecasts are provided only for the purpose of illustrating how the Property might perform provided all of the assumptions are realized. There is no assurance that the assumptions utilized in the Financial Forecasts are accurate and it is highly likely that the actual results will vary greatly (better or worse) from the projections.

**THERE IS NO GUARANTEE THAT THIS INVESTMENT WILL GENERATE THE ABOVE RETURNS OR RESULT IN THE PROJECTED RETURN ON THE INVESTED CAPITAL. DUE TO THE LASTING IMPACT OF COVID, RETAIL DEMAND COULD BE GREATLY REDUCED AND PROJECTED RETURNS COULD BE NEGATIVELY IMPACTED CAUSING A LOSS OF INVESTED CAPITAL.**

### **Occupancy Levels**

In the Financial Forecast, the average annual physical occupancy rates are projected below.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
100.0%	100.0%	100.0%	74.8%	79.8%	100.0%	100.0%	100.0%	93.4%	100.0%

There is no guaranty as to the ability to maintain occupancy levels as stated above.

### **Additional Reserves for Capital Improvements, Tenant Improvements and Leasing Commissions**

The Financial Forecast also includes an annual capital reserve of \$16,378 (\$0.36 PSF), average annual reserves for tenant improvements of \$7,281 (\$0.16 PSF), and average annual reserves for leasing commissions of \$9,600 (\$0.20 PSF). All of such reserves are projected to be funded from the operating income of the Property.

### **Working Capital**

The Financial Forecast includes working capital, immediate repair reserves, and tax reserves of \$895,975 to be funded as part of the Invested Capital. A tax reserve equal to \$8,637, which represents two (2) months of real estate taxes was escrowed with the Lender at the Closing. An immediate repair reserve equal to

\$303,545, of which \$275,000 will be used to replace the roof. Other than the above amount of \$895,975, the working capital is not utilized in the Financial Forecast over the ten (10) year forecast period.

### **Management and Leasing of the Property**

The Property will be managed by Time Equities, Inc. for a fee equal to 2% of total revenue collections. Time Equities, Inc. will utilize Colliers as the local property manager at a management fee equal to \$1,600 per month. The Property will be leased by Time Equities, Inc., who will be entitled to leasing fees commensurate with the deals negotiated per the lease agreement. Time Equities, Inc. will be the asset manager for a fee equal to 1.5% of total revenue collections.

### **Property Condition Report**

A Property Condition Report was prepared by NV5 Consulting Group (“NV5”) for the Property in March of 2024. The purpose of the report was to establish the current condition of the Property and to budget required repairs and improvements that may have to be completed over the next 10 years. The budget for the Property prepared by NV5 is divided into the estimated costs for immediate, short term, and the remaining repairs and improvements over a ten (10) year period following Closing. The following is a chart in which NV5 aggregated the estimated costs and projected time periods for the suggested repairs and improvements:

Construction System	Good	Fair	Poor	Action	Immediate	Short Term	Over Term Years 1-10
3.1 Topography and Drainage	X			None			
3.2 Paving and Curbing	X	X		None			
3.3 Flatwork	X			None			
3.4 Landscaping and Appurtenances	X	X		None			
4.1 Substructure	X			None			
4.2 Superstructure	X			None			
4.3 Roofing			X	None			\$275,000
4.4 Facades		X		None			
5.1 Finishes	X			None			
5.2 Fixtures	X			None			
6.1 Plumbing	X			None			
6.2 Heating, Ventilation and Air Conditioning	X			None			
6.3 Electrical	X			None			
8.1 Life Safety Systems	X			None			
8.2 ADA Issues	X	X		Repair	\$950		
8.3 Microbial Contamination (Mold)	X			None			
Totals					\$950	\$0	\$275,000

<b>Summary</b>	<b>Today's Dollars</b>	<b>\$/SF</b>
Immediate Repairs	\$950	\$0.02

<b>Summary</b>	<b>Today's Dollars</b>	<b>\$/SF</b>
Short Term Repairs	\$0	\$0.00

	<b>Today's Dollars</b>	<b>\$/SF</b>	<b>\$/SF/Year</b>
Replacement Reserves, today's dollars	\$275,000.00	\$5.06	\$0.51
Replacement Reserves, w/10, 3.0% escalation	\$283,250.00	\$5.21	\$0.52

Item	Quantity	Unit	Unit Cost	Replacement Percent	Immediate Total	Short Term Total
8.2 ADA Issues						
Convert standard accessible parking space to van accessible parking space, including adding proper signage	1	EA	\$350.00	100%	\$350	
Wrap drain pipes below lavatory with insulation; protect against contact with hot, sharp, or abrasive surfaces (ADAAG Section 4.19.4)	4	EA	\$150.00	100%	\$600	
Total Repair Cost					\$950.00	\$0.00

Item	EUL	EFF AGE	RUL	Quantity	Unit	Unit Cost	Cycle Replace	Replace Percent	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total Cost
4.3 Roofing																			
Roof membrane - Replace	25	24	1	55,000	SF	\$5.00	\$275,000	100%		\$275,000									\$275,000

Total (Uninflated)	\$0.00	\$275,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$275,000.00
Inflation Factor (3.0%)	1.0	1.03	1.061	1.093	1.126	1.159	1.194	1.23	1.267	1.305									
Total (inflated)	\$0.00	\$283,250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$283,250.00

Evaluation Period:	10
# of SF:	54,392
Reserve per SF per year (Uninflated)	\$0.51
Reserve per SF per year (Inflated)	\$0.52

Based on the Property Condition Report prepared by NV5 for the Property, it is projected that \$275,000 from the Immediate Repair Reserve will be utilized to complete capital improvements for the Property over the 10-year forecast period. All \$275,000 is to be used for a roof replacement. The Financial Forecast also includes an annual capital reserve of \$16,378 (\$0.36 PSF), average annual reserves for tenant improvements of \$7,281 (\$0.16 PSF), and average annual reserves for leasing commissions of \$9,600 (\$0.20 PSF) over the ten (10) year forecast period in the aggregate total amount of \$332,596. Such capital improvement reserve is projected to be funded from the operating income. There is no guaranty as to the adequacy of the operating income to cover required capital improvements over the ten (10) years forecast period.

### Environmental Condition

A Phase I ESA was prepared by NV5 (“NV5”) for the Property in March 2024. In the Phase I, NV5 concluded the following:

- NV5 did not identify activities at the subject property or at neighboring properties (potential offsite sources) that would indicate a significant potential for RECs, based on the information contained in the databases reviewed, the research conducted, and/or the site reconnaissance completed.
- No Historical Recognized Environmental Conditions (HRECs) or Controlled Recognized Environmental Conditions (CRECs), as defined by ASTM 1527-21, were found to be associated with the subject property

To summarize, NV5 concluded, “This assessment has revealed no evidence of recognized environmental conditions in connection with the property. No further investigation is recommended at this time.”

### SOME RISK FACTORS TO BE CONSIDERED

This involves certain risks and is suitable only for persons of substantial financial means who have no need for liquidity in such investment and who are able to afford the risk of the investment. Reference in this special Risk Section to the terms: (i) “**Company**” or “**Co-Owner**” shall mean the Company in which an Investor will become a Member or the sole Member as to those Investors who want to use their investment to undertake a 1031 or 1033 like kind exchange; (ii) “**Member**” or “**Members**” shall mean the Member(s)

in a Company or Co-Owner; (iii) “**Membership Interests**” shall mean the Membership Interests to be acquired by an Investor in a Co-Owner, which may include a sole membership interest for those Investors looking to use the Property to complete a 1031 or 1033 like kind exchange; (iv) “**Rollup Entity**” shall mean the limited liability company to which the Anchorage 501 TIC is ultimately rolled up into as the owner of the Property; and (v) any reference to the Anchorage 501 TIC or the Company shall mean the Rollup Entity after the roll up of the Anchorage 501 TIC into the Rollup Entity. Prospective Investors should carefully consider the following additional risk factors:

- 1) **Variances from the Financial Forecast.** The Financial Forecast presents the Managers’ estimate of the expected operating results of the Property for the 10 year forecast periods. The Financial Forecast is based upon assumptions as to future events and conditions which the Managers believes to be reasonable but which are inherently uncertain and unpredictable. The assumptions may prove to be incomplete or incorrect and unanticipated events and circumstances may occur. Because of these uncertainties and the other risks outlined in this Memorandum, the actual results of the Property can be expected to be different than those projected and the differences may be material and adverse. Potential Investors should consider the projections in light of the underlying assumptions to reach their own conclusions as to the reasonableness of those assumptions and to evaluate the projections on the basis of that analysis. Neither the Managers, the Co-Owners, the Company, nor their attorneys or accountants make any representation or warranty as to the accuracy or completeness of the projections in the Financial Forecast or their underlying assumptions. **DUE TO THE LASTING IMPACT OF COVID-19, RETAIL DEMAND COULD BE GREATLY REDUCED AND PROJECTED RETURNS COULD BE NEGATIVELY IMPACTED CAUSING A LOSS OF INVESTED CAPITAL.**
- 2) **Projected Cash Flow.** Any projected cash flow or forward-looking statements included in this Private Investment Memorandum and all other materials or documents supplied by the Managers should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. The assumptions and facts upon which such projections are based are subject to variations that may arise as future events actually occur. The anticipated cash flows and returns described herein are based upon assumptions made by the Managers regarding future events. There is no assurance that actual events will correspond with these assumptions. This Memorandum contains forward-looking statements that involve risks and uncertainties. The Property’s actual results may differ significantly from the results anticipated or discussed in the forward-looking statements. Prospective Investors are advised to consult with their tax, financial and business advisors concerning the validity and reasonableness of any assumptions. Neither the Managers nor any other person or entity makes any representation or warranty as to the future profitability of the **Anchorage 501 TIC**.
- 3) **Mortgage Risk.** The Financial Forecast includes an Acquisition Loan in Year 1. Such loan has a term of ten (10) years. The Financial Forecast estimates the interest rate for the entire term of such Loan at 6.40% per annum. The actual rate we got at Closing was 6.458% per annum. This loan is interest only over the 10 year term. There is no guaranty as to the amount and terms of such financings. Any change in the loan amount and/or actual payment terms from those used in the Financial Forecast will have an effect on the net cash flow, after debt service, either positively or negatively. Special note should be made to the projected interest rate which is lower than the rate that might be obtained if the property were financed under the current market conditions.
- 4) **Risk as to Capital Improvements and Repairs.** Based on the Property Condition Report prepared by NV5 for the Property, it is projected that \$275,000 from the Immediate Repair Reserve will be utilized to complete capital improvements for the Property over the 10-year forecast period. All



\$275,000 is to be used for a roof replacement. The Financial Forecast also includes an annual capital reserve of \$16,378 (\$0.36 PSF), average annual reserves for tenant improvements of \$7,281 (\$0.16 PSF), and average annual reserves for leasing commissions of \$9,600 (\$0.20 PSF) over the ten (10) year forecast period in the aggregate total amount of \$332,596. Such capital improvement reserve is projected to be funded from the operating income. There is no guaranty as to the adequacy of the operating income to cover required capital improvements over the ten (10) years forecast period.

- 5) **Risks Regarding Not Funding a Capital Call.** In the event that net cash flow and reserves are unavailable or insufficient to adequately cover the required capital improvements, leasing costs and/or unbudgeted operating expenses a capital call may be requested by the Managers to the Members to fund any such deficiency, on a pro rata basis, based on their respective ownership interests in the Property.
- 6) **Risk as to Lease Rollovers.** During the next five years approximately 100% of the existing leases come to an end. In Year 4, occupancy is forecast for 74.79%. If we fail to re-lease any space, this could have a material adverse effect on distributions to Investors.
- 7) **Risk as to Occupancy Levels.** The Managers and the managing agent will strive to increase the current occupancy level for the Property, as set forth in the Financial Forecast. In the Financial Forecast it was assumed that the average economic occupancy level, during the 10-year forecast period, will be 94.8%. There is no guaranty as to the actual and/or economic occupancy levels that can be achieved for the Property. Lower occupancy levels could cause the net cash flow to decrease, thereby reducing distributions paid to Investors.
- 8) **Leasing Risks.** There are many leasing risks to consider in operating the Property which could adversely affect the performance of the Property. Some of these leasing risks, include but are not limited to, tenants may not renew their leases as anticipated, tenants may experience economic difficulties, which may necessitate a reduction or deferral in rent or a reduction of their space to retain any such tenant, a tenant may file for bankruptcy and reject their lease, it may take long to release space or to lease vacant space than projected and the ANCHORAGE 501 TIC may have to give more tenant concessions to attract or retain tenants than estimated, including those for free rent periods and tenant allowances for improvements. All of these leasing risks could ultimately affect the cash available for distribution to Investors. In addition, due to lasting impacts of COVID demand for retail space in the future could be greatly reduced. In such case it may be impossible to maintain or grow occupancy rates and returns to Investors would be much lower than set forth in the Financial Forecast.
- 9) **COVID Risk.** The COVID 19 or any variant (collectively “Covid”) Pandemic may have a serious negative impact on the demand for retail space long after it is over. It is uncertain at this time, as to what extent people will be restricted by federal, state and local ordinances.

To the extent the COVID Pandemic persists and continues and/or another Pandemic or variant of Covid occurs, this could adversely impact the lease up of the Property and/or the ability to retain existing tenants. This could require further increases in free rent periods, additional tenant improvements or allowances, rent reductions or deferrals, all beyond those contained in the Financial Forecast and/or could adversely affect rent collections.

It is difficult to predict the likely impact of COVID on the economic conditions and the operation of the Property. As a result, there can be no assurance that the Property will achieve anticipated cash flow levels. The Managers will attempt to account for the current weakness of the economy created by COVID and its likelihood for recovery in its investment strategy for the Property, but

there is no guaranty as to the success or accuracy of such investment strategy. Right now while the COVID Pandemic still exists, it is almost impossible to accurately predict the long-term economic impact that it will have on the Property.

- 10) **Difficulty Attracting New Tenants.** There can be no assurance that the Company will be able to increase and maintain the occupancy level as projected in the Financial Forecast. In addition, it may be necessary to make substantial concessions, in terms of rent and lease incentives, and to construct tenant improvements to attract new tenants at the Property. If these expenditures and concessions are necessary to maintain or achieve lease-up at the Property and such expenditures exceed projections and/or the amount of reserves for the Property, then, this could affect the distributions to be made to the Investors. In addition, due to lasting impacts of COVID, demand for retail space in the future could be greatly reduced. In such case it may be impossible to attract new tenants and returns to investors would be much lower than set forth in the Financial Forecast.
- 11) **Risks of Competition.** The Property will be operating in a competitive market. In the event that any of the tenants vacate their respective spaces on or prior to the expiration of their respective leases, the ANCHORAGE 501 TIC will be competing for tenants on the basis of location, access, rental rates, size and layouts of space, improvements offered or completed by the ANCHORAGE 501 TIC, the quality of the surrounding area and a variety of other factors. The success of the ANCHORAGE 501 TIC will depend to a large degree upon its ability to compete with other similar retail properties, which in turn depends upon its ability to be competitive as to the foregoing factors. The failure of the ANCHORAGE 501 TIC to establish and maintain a favorable market position could have a material adverse effect on its profitability.
- 12) **Risks of Ownership.** The profitability of the Property is subject to general economic conditions, the management abilities of the managing agent, competition, desirability of the location of the Property, the structural and operating conditions of the Property, the physical appearance of the Property, and other factors. To remain competitive, continuing expenditures must be made to modernize, refurbish and maintain existing facilities. This increases the need for capital funds (whether from reserves, current cash flow or debt financing) and thereby increases the sensitivity of the investment to the cost and availability of such funds, while decreasing operating revenues to the extent that space at the Property remains vacant. The Financial Forecast includes capital improvement and leasing reserves funded by operating income, pay for capital improvements, tenant improvements and leasing commissions. There is no guaranty that operating income will be sufficient to cover such expenditures. In addition, inflationary pressures could increase operating expenses above expected levels, thereby decreasing profitability to the extent rents cannot be raised by corresponding amounts.
- 13) **Risk as to Economic Conditions.** Period of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in real estate values, which could adversely affect the operation, financial position, cash flow and/or ability to satisfy debt obligations and to make distributions to the Investors.
- 14) **Uninsured Losses.** The ANCHORAGE 501 TIC will try to maintain adequate insurance coverage against liability for personal injury and property damage. However, there can be no assurance that insurance will be sufficient to cover any such liabilities. Furthermore, insurance against certain risks, such as earthquakes, floods and/or terrorism, may be unavailable or available at commercially unreasonable rates or in amounts that are less than the full market value or replacement cost of the Property. In addition, there can be no assurance that particular risks that are currently insurable will continue to be insurable on an economical basis or that current levels of coverage will continue

to be available. If a loss occurs that is partially or completely uninsured, the ANCHORAGE 501 TIC may lose all or part of its investment. The ANCHORAGE 501 TIC may be liable for any uninsured or underinsured personal injury, death or property damage claims. Liability in such cases may be unlimited but Investors will not be personally liable.

- 15) **Risk as to Management of the Property.** Prior to the roll up of the tenant in common purchasers, the Investors who become the sole member of a Co-Owner , shall have certain approval rights as to the management and operation of the Property as outlined in this Memorandum (for example, approval rights as the sale and/or financing for the Property, approval rights as to any Major Lease (other than a Preapproved Major Lease) and approval rights as to the replacement of the managing agent and/or asset manager for the Property). Notwithstanding the above, any Investor who becomes a member in a multi-member Co-Owner, who is not purchasing their investment to implement a 1031 or 1033 like kind exchange, does not have the same approval rights as a sole member of a Co-Owner who is purchasing their investment to implement a 1031 or 1033 like kind exchange. Such additional approval rights are granted to a 1031 or 1033 investor prior to the roll up of the tenant in common purchasers since they may be required under Section 1031 or 1033 of the Internal Revenue Code, as amended, to insure that their purchase would qualify as an interest in the real property as opposed to a purchase of a partnership or membership interest. If the Property is rollup into the Rollup Entity , the sole member of a Co-Owner will no longer have such approval rights. After the roll up of the tenant in common purchasers, the Managers shall have board discretion over the operation and management of the Property and the Members of the Rollup Entity, who were previously the sole Member of a Co-Owner , will no longer be able to participate in the conduct and/or business operations of Rollup Entity and/or the Property in the same manner as that member did prior to the rollup.

- 16) **Risks as to Conflicts of Interest.** There are various conflicts of interest that may occur between the Managers and/or Time Equities, Inc. (“TEI”) as the asset manager for the Property and the tenant in common purchasers and their respective companies and/or members comprising tenant in common purchasers. These conflicts of interest include, but are not limited to, the following:

**a. Competition by the Co-Owners with the Other Entities for Management Services**

The Managers and/or TEI may encounter conflicts of interest in allocating management time, services and functions between the tenant in common purchasers and various other existing and future entities that own and operate real estate, as well as other business ventures, in which they are involved. Because of their management responsibilities for other properties, TEI, as the asset manager for the Property, and the Managers, will devote only so much of its time to the Property, as in its judgment is reasonably required.

**b. No Limit on Managers’ and/or TEI’s Other Activities**

The Managers, TEI, and their respective Affiliates may engage in other business ventures, real estate or otherwise, and the tenant in common purchasers and the Members of companies comprising the tenant in common purchasers shall not be entitled, as of right, to participate in such other business ventures. The Managers and their Affiliates intend to form other real estate ventures in the future, some of which may have the same investment objectives as the tenant in common purchasers. Accordingly, there may be conflicts of interest on the part of the Managers and their Affiliates (including TEI) between the tenant in common purchasers and other entities and real estate investments or properties which they are involved.

**c. Tax Partnership Representative**

Pursuant to the operating agreement for each Co-Owner or the Rollup Entity, the Managers will be the “**partnership representative**” and as a result may make various determinations which would be binding on all of the Investors. It is possible that issues could arise on tax matters where the decision of the Managers may have a different effect or consequence on the Managers and the Investors. Because the impact of such determinations on the Managers and their Affiliates may be substantially different in circumstances from the impact on the Investors, the Managers may be subject to a conflict of interest in acting as the partnership representative.

**d. Lack of Separate Representation**

Certain of the attorneys, involved in the acquisition and/or financing of the Property and preparation of this Private Placement Memorandum, are also employees of TEI. This could result in a conflict of interest if there is a dispute between the Managers and an Investor and/or if decisions as to legal matters may have different consequences or effect on the Managers and the Investors.

**e. Affiliation of the Managers and the Placement Agent**

The Placement Agent (Time Equities Securities LLC) is owned by TEI and as a result it may be expected that the Placement Agent may face conflicts of interest in undertaking due diligence that would normally be exercised by the placement agent if it were independent of the Co-Owners and the Managers.

**f. Financing and/or Sale of the Property**

A conflict of interest could occur in connection with any financing for the Property where certain Members may desire that more of the net proceeds from such financing be distributed to reduce the amount of Invested Capital and the Managers may, alternatively, desire to retain more net proceeds for reserves to cover future or anticipated leasing costs, capital improvements and/or other non-budgeted operating expenses.

After the roll up of the Property, the Managers are entitled to receive a certain portion of net proceeds from the sale of the Property as will be provided in the operating agreement for Rollup Entity. A conflict of interest could arise because it may be beneficial for the Managers to sell the Property at a time when it may be in the best interest of the Investors to hold onto the Property or alternatively, because it may be beneficial for the Managers to delay a sale of the Property, when a sale would be more advantageous to the Investors. For example, the Managers might not wish to receive taxable income in a particular year for reasons unrelated to the Rollup Entity. The Managers may have an interest in retaining, instead of selling, the Property in order to continue the distributions and any other fees payable to the Managers and/or their Affiliates. Accordingly, the Managers may be subject to various conflicts of interest with respect to the potential sale of the Property that may have different consequences or effect on the Managers and the Members of the Rollup Entity.

A conflict of interest could arise between the Members that wish to sell the Property and the Members that do not desire to sell the Property or if the Managers have a contrary desire as to the sale of the Property from those maintained by a Member. In any event, once the

Property is Rollup, the decision as to whether or not to sell the Property and the terms to be accepted for any such sale of the Property shall be at the sole discretion of the Managers.

A conflict of interest also could arise if the Property is sold after the roll up of the tenant in common purchaser, where the Managers may desire to undertake a 1031 like kind exchange and invest net sale proceeds in the acquisition of a replacement Property and certain of the Members alternatively may not want to use the net proceeds from the sale of the Property to implement a 1031 like kind exchange or do not want to use such net sales proceeds for the replacement property selected by the Managers.

**g. Conflicts as to Obligations under Loan Documents (including those between Guarantor and the Members of each Co-Owner constituting the tenant in common purchasers) and/or the Rollup Entity.**

There may be occasions where some of the Members may wish the Managers (as a guarantor or otherwise) to take certain actions that might be in the best interests of the tenant in common purchasers but that might expose a Manager to personal liability as a result of the actions that might be taken. As an example, the Members might desire that the tenant in common purchasers violate a condition of a loan agreement that would be advantageous to the tenant in common purchasers but would result in a Manager, as guarantor under the terms of the loan documents, to be personally liable for some or all of the obligations of the tenant in common purchasers. Due to the fact that such actions, while potentially favorable to the Members or the tenant in common purchasers, might be personally detrimental to a Manager, the following provisions shall be included in the operating agreement for each company comprising the tenant in common purchasers and/or the Rollup Entity and pertain to any actions that might be taken in connection with the ownership and operation of the Property by the tenant in common purchasers or the Rollup Entity and the administration of the loans and/or other obligations of the tenant in common purchasers or the Rollup Entity.

- (i) The Managers and/or any guarantor of any loans shall not be obligated to take any action which would result in a Manager or guarantor becoming personally liable for any liabilities of the tenant in common purchasers' or the Rollup Entity arising under any loan documents, notwithstanding that the failure to take any such action might result in the total or partial loss of the tenant in common purchasers' or the Rollup Entity's interest in some or all of its assets; or
- (ii) The Managers and/or any guarantor of any such loans may take any action which would result in any such guarantor avoiding becoming personally liable for any liabilities of the tenant in common purchasers or the Rollup Entity arising under any such loan documents, notwithstanding that the taking of any such action might result in the total or partial loss of the tenant in common purchasers' or Rollup Entity's interest in some or all of its assets. Such actions may include transferring the Property to a lender in lieu of foreclosure.

**h. Resolutions of Conflicts of Interest**

The Managers have not developed, and do not expect to develop, any formal process for resolving conflicts of interest. However, the Managers are required to exercise good faith and integrity in handling the affairs of the tenant in common purchasers or the Rollup Entity, which duty will govern their actions in all such matters. While the foregoing conflicts of interest could materially and adversely affect the tenant in common purchasers or the Rollup Entity, except as otherwise provided in this special risk as to conflicts of interest, the Managers in their sole judgment and discretion, will attempt to mitigate such potential adversity by the exercise of its business judgment in an attempt to fulfill their fiduciary obligations. There can be no assurance that any such attempt will prevent the adverse consequences that may result from the numerous conflicts of interest.

- 17) **Environmental Liabilities Are Possible and Can Be Costly.** Federal law imposes liability on a landowner for the presence on a property of improperly disposed or released hazardous substances and wastes. This liability is without regard to fault for or knowledge of the presence or release of such substances and may be imposed jointly and severally upon all succeeding landowners from the date of the first improper disposal or release. Neither the Co-Owners, nor the Managers can guaranty that hazardous substances and/or wastes will not be discovered on the Property during the tenant in common purchasers' or the Rollup Entity's ownership or after sale to a third party. If such hazardous substances or wastes are discovered on the Property, the tenant in common purchasers may be required to remove those hazardous substances and clean up the Property, and the tenant in common purchasers, may incur full recourse liability for the entire cost of any such removal and cleanup. The tenant in common purchasers cannot guaranty that the cost of any such removal and cleanup would not exceed the value of the Property or that the tenant in common purchasers could recoup any such costs from a third party. The tenant in common purchasers or the Rollup Entity may also be liable to tenants and other users of the Property and to owners, tenants or users of neighboring properties, and it may find it difficult or impossible to sell the Property prior to the completion of such remediation or clean up. Obtaining financing for any such Property prior to the completion of such clean-up or remediation may be more difficult or costly. Without undertaking any further due diligence and except as otherwise disclosed in this Memorandum and/or in the environmental reports, the Managers are not aware of and have not received any written notice from any governmental authority pertaining to any required cleanup or remediation of hazardous substances and wastes at the Property, but there is no guaranty of such result. The Financial Forecasts for the Property does not contain any expenses for any such environmental cleanup of hazardous substances and wastes. To the extent this would be required, such additional costs could affect or reduce distributions to Investors.
- 18) **Toxic Mold.** Litigation and concern about indoor exposure to certain types of toxic molds has been increasing as the public becomes aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions. Toxic molds can be found almost anywhere; they can grow on virtually any organic substance, as long as moisture and oxygen are present. There are molds that can grow on wood, paper, carpet, foods, and insulation. When excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible to eliminate all mold and mold spores in the indoor environment. The difficulty in discovering indoor toxic-mold growth could lead to an increased risk of lawsuits by affected persons, and the risk that the cost to remediate toxic mold will exceed the value of the property. Because of attempts to exclude damage caused by toxic mold growth from certain liability provisions in insurance policies, there is no guarantee that insurance coverage for toxic mold will be available now or in the future.
- 19) **Compliance with the Americans with Disabilities Act.** Under the Americans with Disabilities Act of 1990 (the "ADA"), public accommodations must meet certain federal requirements related



to access and use by disabled persons. Facilities initially occupied after January 26, 1992 must comply with the ADA. When a building is being renovated, the area renovated, and the path of travel accessing the renovated area, must comply with the ADA. Further, owners of buildings occupied prior to January 26, 1992 must expend *reasonable* sums, and must make *reasonable efforts*, to make practicable or readily achievable modifications to remove barriers, unless the modification would create an undue burden. This means that so long as owners are financially able, they have an ongoing duty to make their property accessible. The definitions of “**reasonable**”, “**reasonable efforts**”, “**practicable**” or “**readily achievable**” are site-dependent and vary based on the owner’s financial status. The ADA requirements could require removal of access barriers at significant cost, and could result in the imposition of fines by the federal government or an award of damages to private litigants. Attorneys’ fees may be awarded to a plaintiff claiming ADA violations. State and federal laws in this area are constantly evolving, and could evolve to place a greater cost or burden on the tenant in common purchasers or the Rollup Entity. While the Managers will attempt to obtain information with respect to compliance with the ADA, there can be no assurance that ADA violations do not or will not exist at the Property. If other violations do exist, there can be no assurance that there will be funds to pay for any necessary repairs.

- 20) **Limited Assignability.** Each subscriber will be required to represent that the purchase of their membership interests in a Co-Owner will be for investment purposes only and not with a view towards the resale or distribution thereof. Membership interests may not be assigned without the consent of the Managers, and without compliance with the right of first refusal to be contained in the operating agreements for the Co-Owners or the Rollup Entity. Furthermore, an Investor may not pledge, or grant a security interest in their Membership Interests. Under the operating agreement, an assignment of Membership Interests shall not be permitted if that assignment (i) would cause a Co-Owner to terminate for Federal income tax purposes; (ii) would violate certain restrictions on assignment now or hereafter imposed under the Operating Agreement to preserve the status of the Co-Owners as a partnership for Federal income tax purposes, or (iii) would violate Federal or state securities laws. No assignee may be admitted as a substituted Member without the consent of the Managers. In addition, a Member shall have no right to withdraw any part of their capital contributions to a Co-Owner. There are likely to be substantial adverse Federal income tax consequences in connection with the assignment of membership interests, and holders of the membership interests are advised to consult with their tax advisors prior to any such assignment. Also, in certain states, assignees of membership interests may be required to meet certain suitability requirements.
- 21) **Liability of Members/Risk as to Return of Distributions.** In general, members of the Co-Owners or the Rollup Entity may be liable for the return of a distribution to the extent that the Member knew at the time of the distribution that after such distribution, the remaining assets of the Company would be insufficient to pay the then outstanding liabilities of the tenant in common purchasers (exclusive of liabilities to Members on account of their limited liability company interests and liabilities for which the recourse of creditors is limited to specified property of the limited liability company). Otherwise, members are generally not liable for the debts and obligations of a Co-Owner beyond the amount of the capital contributions they have made or are required to make under the operating agreement.
- 22) **Limitation of Liability/Indemnification of the Managers.** The Managers and its attorneys, agents and employees may not be liable to the Investors or the Members of any Co-Owner or the Rollup Entity for errors of judgment or other acts or omissions not constituting fraud, gross negligence or willful misconduct as a result of certain indemnification provisions in the operating agreement. A successful claim for such indemnification would deplete the tenant in common purchasers’ and/or the Rollup Entity’s assets by the amount paid.

- 23) **Offering Not Registered with the US Securities and Exchange Commission (“SEC”) or State Securities Authorities.** This offering will not be registered with the SEC under the Securities Act of 1933 as amended (the “Securities Act”) or the securities agency of any state, and is being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to investors meeting the suitability requirements set forth herein.
- 24) **Private Offering – Lack of Agency Review.** Because this offering is a nonpublic offering and, as such, is not registered under federal or state securities laws, Investors will not have the benefit of a review of the offering or this Memorandum by the SEC or any state securities commission. The terms and conditions of the offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with the SEC or any state securities commission.
- 25) **Private Offering Exemption – Compliance with Requirements.** The membership interests are being offered to, and will be sold to, Investors in reliance upon a private offering exemption from registration provided in the Securities Act. If the tenant in common purchasers should fail to comply with the requirements of such exemption, the Members would have the right to rescind their purchase of their membership interests if they so desired. It is possible that one or more Members seeking rescission would succeed. This might also occur under applicable state securities or “blue sky” laws and regulations in states where the Membership Interests will be offered without registration or qualification pursuant to a private offering or other exemption. If a number of Members were successful in seeking rescission, the remaining members and the Managers would face severe financial demands that would adversely affect the remaining Members as a whole and, thus, the investment in the membership interests by the remaining Members.
- 26) **Private Offering Exemption – Limited Information.** Because the offering of the membership interests is a nonpublic offering, certain information that would be required if the Offering were not so limited has not been included in this Memorandum, including, but not limited to, financial statements and prior performance tables. Thus, Investors will not have this information available to review when deciding whether to invest in membership interests.
- 27) **General Tax Risks.** There are substantial risks associated with the federal income tax aspects of an investment in the tenant in common purchasers. In addition to continuing IRS reexamination of the tax treatment of partnerships, the income tax consequences of an investment in the tenant in common purchasers are complex, and recent tax legislation has made substantial revisions to the Code. Many of these changes, including changes in the taxation of limited liability companies and their members, affect the tax benefits generally associated with an investment in a limited liability company. Because the tax aspects of this offering are complex, and certain of the tax consequences may differ depending on individual tax circumstances, each Investor is urged to consult with and rely on his or her own tax advisor concerning this offering’s tax aspect and his or her individual situation. **No representation or warranty of any kind is made with respect to the IRS’s acceptance of the treatment of any item by the Company or by an Investor.**
- 28) **Changes in Tax Laws.** The discussions of the federal income tax aspects of this offering are based on current law, including the Internal Revenue Code of 1986, as amended, the regulations issued thereunder, certain administrative interpretations thereof and court decisions. Consequently, future events (including those arising from expiration of current tax laws, legislative and administrative proposals that could occur and/or are or in the future may be under consideration) that modify or otherwise affect those provisions may result in treatment for federal income tax purposes of the

Co-Owners and its Members that are materially and adversely different from that described in this Memorandum, both for taxable years arising before and after such events. Neither the Co-Owners nor the Managers can guaranty that future legislation and administrative interpretations will not be retroactive in effect.

- 29) **Risks regarding the Distribution of the IRS Schedule K-1 Tax Form.** Following a future Rollup, although the Managers will make every effort to complete and distribute to Investors their individual K-1 tax forms in a timely manner, there is no guarantee that in each tax year these forms can or will be completed in time for the investors to file their taxes on or prior to the general April 15 tax deadline. In the event that such K-1s are not completed in a timely manner prior to the April 15<sup>th</sup> tax deadline, it is possible that Investors may have to file an extension to complete their tax returns.

**THE ABOVE POTENTIAL RISKS ARE NOT INTENDED TO BE AN EXHAUSTIVE LIST OF POTENTIAL AREAS OF RISK AND INVESTORS ARE URGED TO CONSIDER SUCH RISKS BEFORE MAKING A DECISION TO INVEST IN THE PROPERTY.**

**GENERAL METHODOLOGY USED FOR FINANCIAL FORECASTS OF OPERATION OF  
501 W. 58<sup>th</sup> AVENUE WAREHOUSE FOR THE PERIOD FROM  
JUNE 1, 2024 THROUGH MAY 31, 2034**

The Financial Forecasts are provided only for the purpose of illustrating how the Property might perform provided that all assumptions are realized. The projections and calculation of returns to investors contained herein do not constitute any representation, warranty or guaranty as to the performance of the Property. The assumptions are as follows:

<b><u>Forecast Periods:</u></b>	Operations are projected for a ten (10) year period, commencing in June 1, 2024. The annual periods in the forecasts are from June through May.
<b><u>Acquisition:</u></b>	The Property was purchased for a total first year projected cost of \$10,491,188. The purchase price is \$9,100,000. The closing date was June 25, 2024.
<b><u>Invested Capital:</u></b>	The total Invested Capital is \$4,491,188.30 and will be funded at closing.
<b><u>Financing:</u></b>	The Financial Forecast includes a financing for Property at Acquisition. The loan terms are as follows: loan amount of \$5,400,000 for the acquisition of the Property, loan amount of \$600,000 for working capital, 66% loan to value ratio, 6.40% fixed interest rate and interest-only.
<b><u>Income:</u></b>	The physical occupancy and economic occupancy of the Property is currently 100% and 100% occupied and leased to 2 tenants. The leases from these tenants are projected in the first year of operation to generate a net cash flow, before reserves, of approximately \$781,456.
<b><u>Expenses:</u></b>	Property expenses are increased at 3% per annum.
<b><u>Occupancy</u></b>	The going-in economic occupancy rate after closing is assumed to be 100% with an average ten-year economic occupancy rate of 94.8%
<b><u>Management</u></b>	Colliers will be paid a property management fee equal to \$1,600 per month for such management services.
<b><u>Asset Management and Property Management Fees:</u></b>	Time Equities, Inc. will be paid a 1.5% asset management fee and a 2% property management fee.

**Market Leasing and Rent Assumptions:**

Below are the rent assumptions utilized in the Financial Forecast.

Tenant	Market Rent	Term	Downtime	Months For Rent Abatement	Leasing Commission
Industrial Space	\$16.00	6	9 Months	6 New/4 Renewal	6% (New) / 3% (Renew)

In addition, each of the tenants under new or renewal leases are projected to pay their pro rata share of operating expenses, including real estate taxes and insurance.

**Working Capital and  
Reserves:**

Part of the Invested Capital, in the amount of \$895,975, is estimated to be used to fund a working capital, tax reserve and reserve fund. Other than the above amount of \$895,975, the working capital and reserves are not utilized in the Financial Forecast over the ten (10) year forecast period.