Project Supplement No. 11

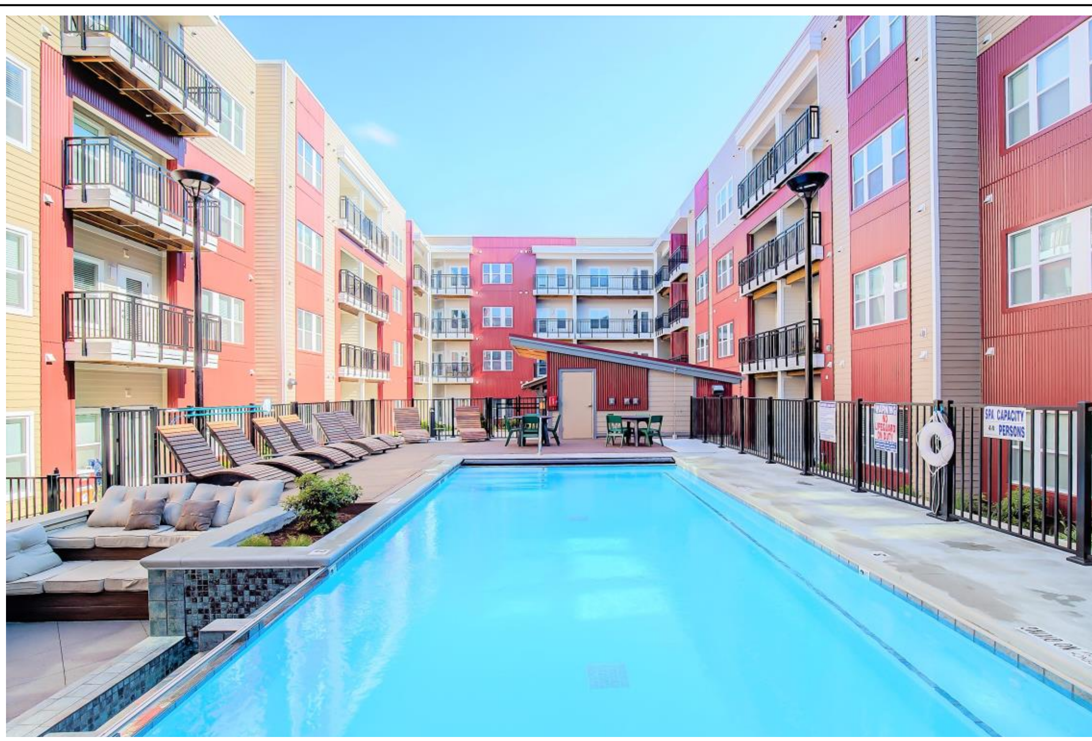
(Dated February 4, 2021)
to the Confidential Private Placement Memorandum
of TEI Diversified Income & Opportunity Fund V, LLC,
dated January 1, 2020

This Project Supplement No. 11 modifies and supplements the Confidential Private Placement Memorandum of TEI Diversified Income & Opportunity Fund V, LLC, dated January 1, 2020 (the "**Memorandum**"), as previously amended by Supplements Nos. 1-10, which should be read in conjunction with the Memorandum (including but not limited to the Special Risk Section in the Memorandum). Terms with initial capitals, not otherwise defined in Project Supplement No. 11, have the meanings set forth in the Memorandum.

Supplement
This Project Supplement pertains to the acquisition of the Brix at Midtown Apartment Complex in Grand Rapids, Michigan located at 414 Benson Avenue N.E., Grand Rapids, Michigan

TIME EQUITIES SECURITIES LLC


EXIT


SPA CAPACITY
PERSONS

Supplement for the Acquisition of The Brix, Grand Rapids, MI

The following is the Supplement for the acquisition of The Brix at Midtown, a newly constructed 287 market rate residential complex, located in downtown Grand Rapids, at 414 Benson Ave. NE, Grand Rapids, MI 49503 (the "**Property**").

The total Invested Capital is **$25,632,000**.

The Property will be purchased by ten (10) tenants-in-common acquiring an undivided tenant in common interest in the Property. All of the tenant-in-common owners will be newly created Michigan limited liability companies (each a "**Co-Owner**" or collectively the "**Co-Owners**") that will each be managed by Francis Greenburger and Robert Kantor (collectively the "**Managers**"). To the extent the Property is a replacement property for an investor implementing a transaction intended to qualify for tax deferral pursuant to Sections 1031 or 1033 of the Internal Revenue Code of 1986, as amended (the "**Code**") , then such Investor will acquire a sole membership interest in one of the Co-Owners (such entity is referred to as "**Sole Member Co-Owner**"). Investors who are not implemented a like kind exchange may acquire a membership interest in the multiple member limited liability company called Brix Grand Rapids Group LLC ("**Brix Group LLC**"). The Fund will be a member in Brix Group LLC and will contribute approximately $1,392,176 to Brix Group LLC for a 5.431% beneficial ownership interest in the Property.

Acquisition and Business Plan

The acquisition consists of a newly built (2018), class A multifamily property in a market that affiliates of the Managers have substantial experience in owning and operating comparable class A multi-family residential buildings in downtown Grand Rapids. The Property contains two buildings of 3-4 stories, consisting of 287 units or approximately 250,524 rentable square feet.

The Property is approximately 89% occupied on the date of this Supplement.

The purchase price for the Property is **$68,250,000**. This purchase price reflects a cost of $272.43 PSF of rentable square feet, cost of $237,805 per unit or a cap rate of 5.63% (based on the purchase price and net operating income for first year of operation). The Purchase & Sale Agreement ("**PSA**") was entered into as of November 3, 2020.

Part of the purchase price consists of the assumption of the existing Freddie Mac first mortgage in the amount of **$46,747,000**. In order to assume the existing mortgage loan the consent from Freddie Mac is required. As of the date of this Supplement, the loan assumption application for the ten (10) tenant in common owners has been submitted to Wells Fargo, the servicer for the Loan. Early indication approval has been obtained from Freddie Mac. In order to complete the assumption process and obtain the final consent, approval is also required to be obtained from the master servicer and the holder of the B Piece lender participation interest in the Loan. To the extent such consent is not obtained, then either the seller and/or the purchaser shall be entitled to terminate the PSA and in such case the deposit shall be refunded to the purchaser. Also, the PSA contains an approval date, whereby either the seller and/or the purchaser can terminate the PSA if such consent has not been obtained by such approval date. So far the seller has been flexible about extending such approval date and four amendments to the PSA have been entered into to extend such approval date, with the latest date providing for an extension of the approval date until February 4, 2021. The seller prefers to extend such approval date in small increments, recognizing that further extensions will be needed, as opposing to providing the estimated actual required time to obtain such approval in one amendment.

Provided the purchaser continues to diligently pursue such loan assumption application and provide additional financial and other information to the extent requested, it is anticipated, but not guaranteed, that the seller will continue to amend the PSA to provide adequate time to obtain Freddie Mac's consent to such loan assumption. In any event, if such consent is denied or if the seller imposed a drop dead date for which the purchaser is unable to obtain the consent by such drop dead date and the PSA is terminated (by either the seller or the purchaser, as permitted under the PSA), then the entire deposit shall be refunded to the purchaser.

In order to assume the loan, the replacement guarantor is required to have a net worth of $15,000,000 or greater and liquid assets of at least $4,674,000 (10% of the outstanding loan balance). The replacement guarantor at the closing will execute and deliver a replacement guaranty in the same form executed at the original closing for the loan which provides for a guaranty of certain non-recourse carveouts and environmental indemnification. Francis Greenburger, one of the Managers, will be the replacement guarantor.

It is anticipated, but not guaranteed, that Freddie Mac will ultimately approve the loan assumption based on already obtaining the early indication approved from Freddie Mac, having a strong replacement guarantor, whose net worth and liquid assets greatly exceed the amount required under the loan documents, as stated above, and the track record of the other Freddie Mac loans that are currently in existence for other properties with affiliates of the Managers.

Under the PSA the closing is scheduled for the date which is fifteen (15) days after the Freddie Mac's consent for such loan assumption is obtained. To the extent Freddie Mac or its attorneys are not ready to close by the end of this fifteen (15) day period, then the purchaser can pay an additional deposit of $1,000,000 (to be applied to the purchase price) to extend the closing for up to an additional fifteen (15) days.

It is projected that such closing will occur in the middle of March 2021, based on the estimated consent being obtained from Freddie Mac in the beginning of March 2021. It is also possible the closing could occur earlier if the master servicer and the holder of the B Piece lender's participation interest completes their review of the loan assumption application faster than anticipated.

The total Invested Capital being raised pursuant to this offering is **$25,632,000**. This reflects the average leveraged return of **9.55%** on total Invested Capital.

The business plan is to continue operating the Property at high occupancy levels, to incrementally increase rents each year, investigate new income generating services and explore operating efficiencies.

The business plan also consists of investigating whether to refinance the existing mortgage to be assumed at closing with a new mortgage with the same lender. The reason to refinance the existing mortgage is to convert the floating rate interest loan to a fixed interest rate loan for the entire loan term and to take advantage of the low fixed interest rates currently available. Such refinancing, to the extent pursued by the Managers, is projected to occur in the second or third quarter of 2021. In the Financial Forecast, it is assumed the new loan will be for $48,141,258. There is no guaranty as to the ability of the Co-Owners to obtain such possible refinancing in the Financial Forecast. If the financing is consummated on terms more onerous than the projected business terms, the return generated by the Property will be negatively impacted.

Building Description:

# OF BUILDINGS:	2 Apartment Buildings
# OF UNITS:	287
CONSTRUCTION COMPLETED:	2018
EXTERIOR:	Brick Veneer & Siding
SUPERSTRUCTURE:	Concrete Foundation
ROOFING SYSTEM:	Flat Rubber Roofs
PARKING	334 spaces in a gated garage

Unit Mix and Amenities

The following is the unit mix at the Property:

Unit Type	Number of Units	Average SF
1 bedroom/1 bath	182	728 sf
2 bedrooms/2 baths	79	1,045 sf
3 bedrooms/3 baths	26	1,364 sf
TOTAL	**287**	**873 sf**

The apartments feature:

- Granite countertops in kitchens and bathrooms
- Private balcony access from each unit
- Washer and dryer in each unit
- Fully equipped kitchen with stainless steel appliances; and
- Kitchen islands

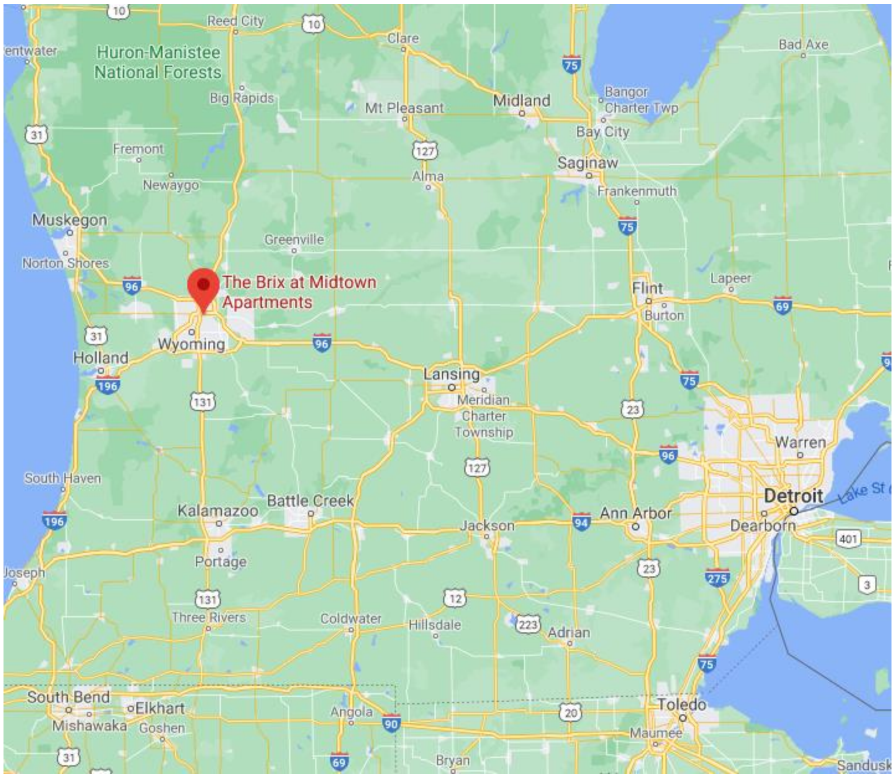
Amenities and community features for the Property consist of:

- Heated outdoor swimming pool
- Two-story fitness center
- Community fire pit and social area

- 6,000 sf courtyard with green space
- Bike storage and repair areas
- Pet park and pet wash area
- Yoga studio
- Indoor golf simulator
- Billiards and foosball tables
- On site leasing office
- Gated garage parking for 334 cars
- Access to nearby hiking trails
- Access to the Medical Mile

AERIAL VIEW OF PROPERTY

Property Location



Information about Grand Rapids

The Property is located in the City of Grand Rapids, County of Kent, Michigan and is within close proximity to Interstate 196, US Route 131. Grand Rapids has a population in 2020 of approximately 205,289 making it the second largest city in Michigan. Additionally, East Lansing is 70 miles away, and the cities of Detroit and Ann Arbor are both within 150-miles of Grand Rapids. Grand Rapids is less than 30 minutes from Lake Michigan.

Grand Rapids is currently growing at a rate of 1.25% annually and its population has increased 9.16% since 2010. The unemployment rate in Grand Rapids in August 2020 was 7.5%, 14.8% lower than the peak rate of 22.3% experienced in April 2020, due to Covid-19. The 7.5% unemployment rate in August 2020 also compares favorably to the August 2020 national unemployment rate of 8.4% and the state of Michigan unemployment rate of 8.7%.

Grand Rapids is quickly approaching the culmination of a decades-long revitalization of its urban core, during which time the city has emerged as a regional economic hub. More than $2 billion of capital investment in the famous Medical Mile has vastly increased the number of skilled, high paying jobs in life sciences.

Grand Rapids is home to Medical Mile, an area along Michigan Street just northwest of downtown that is renowned as a world class healthcare destination. It now includes MSU College of Human Medicine Secchia Center, the MSU Grand Rapids Research Center, the GVSU Cook-DeVos Center for Health Sciences, the Grand Rapids Community College Calkins Science Center, the Van Andel Institute, Spectrum Health Hospitals, Butterworth Hospital, which features the Fred and Lena Meijer Heart Center, the Helen De Vos Children's Hospital and the Lemmen-Holton Cancer Pavilion, among others. The area has attracted medical professionals from all over the world. Their presence has spurred new retail and residential developments, transforming this once sleepy neighborhood into a bustling center of activity that is home to thousands of working healthcare professionals.

Approximately 44,000 bio-science jobs are located in Grand Rapids. Grand Rapids contains the third fastest research and development growth rate amongst US Life Science innovation clusters. Grand Rapids has experienced approximately 38.7% growth rate for life science jobs over the last ten years. The Medical Mile is approximately 0.50 miles from the Property.

To further evidence this transformation, a housing study commissioned by the City of Grand Rapids was recently completed at the end of 2019 and projected that over the next 5 years, there will be 33% more residents that fall into the higher income categories of 80%-120% and 120%+ AMI (Area Medium Income) than today. The income for persons in the 80%-120% category is $64,000 to $96,000 annually and 120%+ is $96,001 and above. This is in contrast to the lower income categories where a 5% decline is projected. Additionally, this study indicated that almost 2,500 new rental units over the next 5 years will be needed to meet the demand of these higher income categories. These demographic changes may bode very well for the future performance of the Property.

U.S News & World Report rated Grand Rapids as the number **13** best city to live in the U.S and number **9** best city to retire.

Grand Rapids is home to 12 public and private colleges and universities. Grand Rapids offers a wide range of cultural and entertainment activities including the Grand Rapids Symphony, Grand Rapids Ballet, Grand Rapids Civic Theatre and the Gerald R. Ford Museum. Grand Rapids is referred to as Beer City USA. There are 10 craft breweries in downtown Grand Rapids.

Grand Rapids is located in the Grand Rapids-Kentwood combined statistical area with an estimated population of 1,059,000. The Property is accessible to major east-west and north-south highways. Notable transportation infrastructure located nearby the Property are:

- Interstate 196: located within a mile north, I-196 is the main artery that runs across Michigan, it runs east and west from the Detroit to Grand Rapids
- ROUTE 131: North South highway in western Michigan running from the North border to the southern border.

The Gerald R. Ford International airport is located in Grand Rapids.

Other Class A Multi-Family Properties Owned by Affiliates of the Manager

Affiliates of the Manager own the following two other Class A multiple family properties in Grand Rapids:

Property Address	Number of Units	Year Built	Current Occupancy Levels	Average Rent per SF	Proximity to The Brix
601 Bond Avenue	202	2019	99%	$1.98	1.3 miles
538 Bond Avenue	118	2009	97%	$1.55	1.3 miles

538 Bond was built as a condominium and is operated as a rental property. Units are larger at 538 Bond and this is one of the factors for its lower average rent per square foot. For both properties, free rent, as of the date of this Supplement is not being offered for new and/or renewal leases.

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 from Invested Capital.

Sources

- Invested Capital $25,632,000
- Assumption of Existing Mortgage $46,747,000

TOTAL **$72,379,000**

Invested Capital	$25,632,000
Assumption of Existing Mortgage	$46,747,000
TOTAL	**$72,379,000**

Uses of Invested Capital

Estimated Uses for Invested Capital at closing will consist of:

Purchase Price	$68,250,000
Selling Commissions 8%	$ 2,050,891
Legal Fees – Loan	$ 60,000
Legal Fees for Acquisition	$ 120,000
Due Diligence Costs[1]	$ 17,500
Organizational Costs	$ 5,000
Title and Survey Costs[2]	$ 10,859
TEI Acquisition Fee	$1,148,750
Assumption & Application Fee for Existing Mortgage	$ 265,000
Rate Cap Assumption[3]	$ 20,000
Half of fee for the Assignment of the Development and Reimbursement Agreement[4]	$ 1,401
Working Capital	$ 430,089
Total Invested Capital	**$72,379,000**

Tenancy

The Property, on the date of this Supplement, is 89% occupied. For the first year of operation, the current average monthly rents are projected for a 1-bedroom apartment to be $1,435 per unit, for a 2-bedroom apartment to be between $1,777 and for a 3-bedroom apartment to be $2,412. The average rent per rentable square foot is $1.85. The above rental projection are consistent with current rents for new leases.

The initial lease-up of the Property, after completion of construction, to the current occupancy level, occurred in August 2020. Despite Covid-19, the seller was able to successfully continue the initial lease-up of the Property. During the lease up period, after construction was completed, the seller offered free rent to accelerate this lease-up process. The seller is currently offering the remainder of January 2021 rent free for new and/or renewal leases signed in January 2021. All other rent concessions are expected to be retired by January 2021. During Covid-19, the seller only entered payment plans with two tenants to pay off their arrears. The November 2020 rent collections (not including ancillary income) was approximately $387,950. Ancillary income (e.g. for pet and parking charges) for November 2020 was $44,077. The total current arrears, as of the end of November 2021, was approximately $5,000. Such arrears and payment plans are immaterial, considering the total rent roll for the Property. Such arrears only applies to 2 tenants. In the Financial Forecast, rents are grown at 2.25% per year.

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[1] Due Diligence costs includes costs for the survey, zoning report, report as to future real estate taxes, property condition report, environmental assessment and other due diligence costs paid prior to the Closing. In addition, such due diligence costs include 7.75% interest on funds advanced for such due diligence costs and the contract deposit.

[2] The estimate for title and survey is based on the terms of the PSA where the Seller is obligated to pay the premium for the owner's title insurance premium in the approximate amount of $65,000. The purchaser is responsible to pay for any endorsements to the owner's title insurance premium and the cost for the update to the survey for the Property.

[3] The actual fee for the rate cap assumption will be less since it will be prorated based on the period of ownership of the Property from the closing date until the date on which the rate cap terminates. The rate cap fee relates to the time period from May 19, 2020 to June 1, 2023 (the termination date for the rate cap). The Co-Owners, if permitted under the loan documents, might decide not to assume such rate cap and then this cost would not be incurred.

[4] This is the fee to obtain the consent from the City of Grand Rapids, Brownfield Development for the TIF Agreement as to the payment in lieu of real estate taxes for the Property. Under the PSA the seller and the purchaser agreed to split this fee.

Managing Broker Dealer and Selling Commissions

Time Equities Securities LLC is the managing broker dealer for this offering. Selling commissions in an amount up to 8% of the amount subscribed for by Investors will be paid by the Co-Owners to Time Equities Securities LLC (the "**Managing Broker Dealer**"). The Invested Capital includes selling commissions in the amount of $2,111,081. 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, The amount of the selling commission may be reduced to the extent a lower commission rate is negotiated with a Selling Group Member . The Managers and/or their affiliates will acquire their membership interests in a Co-Owner, without paying any such selling commission. To the extent selling commissions are not paid for a subscription by an Investor (which will include affiliates of the Managers), the Managers, in their sole discretion, may allow such Investors to acquire their membership interest on a gross up basis as to the amount of the Selling Commissions that are not incurred by such Investors. No selling commissions shall be paid in connection of the Fund's acquisition of its membership interest in Brix Group LLC and the Fund's membership interest therein will be grossed up by 8%.

Terms of the Existing Mortgage

At closing, the existing mortgage will be assumed by the Co-Owners. The terms of the existing mortgage are as follows:

Lender:	Freddie Mac, the loan was originated by Third Fifth Bank
Loan Amount:	$46,747,000
Maturity Date:	June 1, 2030
Interest Rate:	The interest rate is a floating rate, based on 30-day Libor, plus 235 basis points (the "**Index**"). Based on the current rate for one month Libor, the rate, as of the date of this Supplement, would be approximately 2.5% per annum. In the Financial Forecast the interest rate is projected to be 3.5% per annum
Rate Cap Agreement:	The Seller, at the closing, purchased a rate cap for 1 month Libor for the period until June 1, 2023, based on a maximum rate for 1 month Libor of 2.65%. Based on this rate cap, the interest rate during the rate cap period cannot exceed 5% per annum.
Monthly Debt Service Payment:	Interest only
Monthly Escrows	The loan provides for monthly escrows for real estate taxes and for capital improvements. The reserve for capital improvements based on $200 per unit or $57,400
Prepayment:	The loan is closed to prepayment for the first year and thereafter the Loan can be prepaid, upon paying the Lender a prepayment penalty based on 1% of the outstanding balance of the Loan. If the Loan is refinanced with Freddie Mac then Freddie Mac will waive this prepayment penalty.

Assumption Fee:	At closing, the Lender will be paid an assumption fee equal to $265,000. The purchase under the Purchase Agreement will be responsible to pay this assumption fee.
Non-Recourse Loan:	The loan is a non-recourse loan to the borrower and its partners and members. The loan requires a guaranty of the non-recourse carve outs and environmental indemnification by a principal of the Borrower.
COVID-19 Escrow:	At the closing, the seller deposited **$1,808.002** in escrow with the Lender to fund the COVID-19 Debt Service Reserve Deposit ("**COVID-19 Escrow**"). At the Closing, the Brix Co-Owners will assume the obligation to maintain such COVID-19 Escrow and reimburse the seller for the amount of such escrow with the Lender. The purpose of COVID-19 Debt Service Reserve is to ensure adequate funds are available for the payment of any deficit in net operating income required to pay the monthly interest only payments, during the period in which the lender is holding such funds. If the Borrower fails to achieve the applicable Breakeven Rental Collection of $244,814, with respect to any monthly debt service payment of interest, the Borrower may request a disbursement from the COVID-19 Debt Service Reserve in the amount of such shortfall (the portion of the monthly interest payment that cannot be funded from operating income). As of the date of this Supplement, the seller has not requested any disbursement from the COVID-19 Debt Service Reserve.

The COVID-19 Debt Service Reserve will terminate upon the first to occur of the following:

(i) Payment in full of the Loan;

(ii) Satisfaction of all the following conditions;

(a) Borrower has submitted to Lender a written request to terminate the COVID-19 Debt Service Reserve.

(b) The occurrence of at least 90 days following the lifting of all federal, state and/or local state of emergency declarations, public health emergency declarations, shelter in place orders, or similar governmental actions related to COVID-19, in Michigan and/or Grand Rapids and where there is not a ban on admissions to or visitors at the Property.

(c) Lender has received rent schedules and trailing 12-month operating statements for the 3 consecutive months immediately preceding the date of Borrower's request to terminate the COVID-19 Debt Service Reserve and/or other evidence satisfactory to Lender, all of which must demonstrate that the Property has achieved average

Rental Collections, based on trailing 3-month average collections, equal to or greater than the Release rental collections in the amount of **$375,339**.

The Seller has currently achieved average rental collection, based on a trailing 3-month average collections, greater than the Release Rental Collections of $375,339. Even though there is not currently any COVID related restrictions in place at the Property, Freddie Mac, at this time, is unwilling to release the COVID-19 Debt Service Reserve due to the existence of COVID-19 emergency declarations or executive orders still being in effect in the State of Michigan or Grand Rapids. One of the conditions for the release of the COVID-19 Debt Service Reserve is the payoff in full of the loan upon the refinancing of the existing Freddie Mac Loan. However, if the Freddie Mac Loan is refinanced, it is likely that Freddie Mac under such new loan will still require a COVID-19 Debt Service Reserve, which will probably consist of between 3-6 months of debt service interest only payments.

Time Equities Associates LLC ("**TEA**") will provide a loan at closing to reimburse the seller for their COVID-19 Debt Service Reserve maintained by the Lender in the amount of **$1,808,002**. Such loan in the amount of $1,808,002 is referred to as the ("**TEA Loan**"). The interest rate for the TEA Loan will be at 7% per annum and the TEA Loan will provide for quarterly payment of interest only. The Co-Owners shall be entitled to prepay all or any part of TEA Loan without penalty. The TEA Loan will be subordinate to the Freddie Mac Loan. Any release of the COVID-19 Debt Service Reserve shall be applied to pay down the TEA Loan. To the extent Freddie Mac requires a continuation of this COVID-19 Debt Service Reserve upon the replacement of the existing loan with a new loan from Freddie Mac, then the Co-Owners will attempt to increase the loan amount so that the TEA Loan can be paid off in full from loan proceeds from such refinancing (however, there is no guaranty as to the ability to increase the loan amount to cover any replacement COVID-19 Debt Service Reserve). It is anticipated that such quarterly interest payments due under the TEA Loan will be funded either from operating income or the working capital fund.

Financial Forecast

Attached hereto is the ten (10) year Financial Forecast for the Property. The Financial Forecast contains projections for an ten (10) year period. There can be no assurance the Property will perform at the levels assumed in the projections. It is likely that actual results will vary from the amount shown in the projections.

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

PROJECTED RETURNS AT THE PROPERTY LEVEL

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

Leveraged Cash on Cash Returns after Debt Service Payments & Reserves	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	8.26%	8.81%	9.19%	9.58%	9.97%	10.38%	10.80%	11.23%	8.97%	8.30%

The Financial Forecast for the Property projects an average annual return over 10 years from net cash flow at **9.55%.**

The above projected returns are at the Property level and do not reflect the distribution formula for cash available for distribution in the Operating Agreement for the Fund.

PLEASE NOTE THE PERCENTAGE RETURNS SET FORTH IN THIS FINANCIAL FORECAST ILLUSTRATES THE RETURNS INVESTORS WOULD RECEIVE BASED ON THE RESULTS OF THE PROPERTY WITHOUT TAKING INTO CONSIDERATION THE CUMULATIVE RESULTS OF ALL OF THE PROPERTIES OWNED BY THE FUND. THE ACTUAL CUMULATIVE RESULTS WILL VARY AND COULD BE SIGNIFICANTLY LESS THAN THE RETURNS SET FORTH IN THIS FINANCIAL FORECAST.

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.

Possible Mortgage Refinancing

The Financial Forecast includes a possible refinancing of the existing mortgage with the same lender in the 2nd or 3rd quarters of 2021. The purpose of such financing is to replace the existing floating interest rate loan with a fixed interest rate for the entire term. At this time, it is projected that the loan amount will be increased by approximately by $564,098 to cover the mortgage costs for such refinancing and a projected COVID-19 Debt Service Reserve of $830,160 (based on 6 months of projected interest payments). There is no guaranty as to whether or not such COVID-19 Debt Service Reserve will be required and to the extent required the actual amount to be deducted from loan proceed to fund such COVID-19 Debt Service Reserve. It is likely such COVID-19 Debt Service Reserve will be required to the extent any emergency declarations or executive orders for COVID-19 are still in effect in the state of Michigan or Grand Rapids at the time of such possible refinancing. The projected terms of such a mortgage financing are as follows:

Loan Amount:	**$48,141,258**
Loan to Value Ratio:	65.00%
Interest Rate:	3.50% fixed rate of interest for entire term
Monthly Payments:	Interest only payments for 10 years
Term:	10 Years

Mortgage Costs (based on
the following estimated costs):

• Third party reports	$ 15,000
• Legal fees	$ 65,000
• Origination fee (50 bps)	$233,736
• Application fee (10 bps)	$ 46,747
• Mortgage brokerage fee (35 bps)	$ 163,615
• Title insurance	$ 35,000
• Miscellaneous lender fees	$ 5,000
• Estimated COVID-19 Debt Service Reserve	$ 830,160
TOTAL	**$1,394,258**

It is anticipated that Freddie Mac will waive the 1% prepayment penalty under the existing loan.

Upon the closing of such possible refinancing it is assumed the existing COVID-19 Debt Service Reserve will be released to pay off the TEA Loan. As part of such closing for such possible refinancing it is projected that loan proceeds equal to six months of interest payments will be retained to fund a new COVID-19 Debt Service Reserve. It is estimated that any such COVID-19 Debt Service Reserve will not be used to fund any deficit in operating income required to pay the monthly interest payments and will be returned within one year after the closing.

It is uncertain at this time as to whether or not the Co-Owners will refinance the existing Freddie Mac Loan as set forth in the Financial Forecast. The decision to refinance the existing mortgage loan in the second or third quarters of 2021 will depend on the fixed interest rate that can be obtained for this loan and the ability to obtain additional loan proceeds to cover the mortgage costs and/or any COVID-19 Debt Service Reserve.

No Guaranty as to the Possible Mortgage Refinancing

There is no guaranty as to the ability of the Co-Owners' to refinance the existing mortgage loan, based on the above projected terms and any substantial change in such terms could have a material impact on the distributions to be made to Investors, either positively or negatively.

Invested Capital Projected to remain the same for Entire Forecast Period

As a result of the possible refinancing it is projected there will be no reduction of Invested Capital in the Financial Forecast during the entire 10 year forecast period. Returns during the entire 10-year forecast period are calculated based on an Invested Capital of **$25,632,000**.

Additional Reserve for Capital Improvements

The Financial Forecast projections include an annual capital reserve starting at $86,100 ($300/unit). Such reserve is increased at 2% per annum for each succeeding year during the ten (10) year forecast period. Such additional reserve for capital improvements is projected to be funded from the operating income of the Property.

Working Capital

The Financial Forecast projection includes a working capital reserve of approximately **$430,089**. Such working capital reserve will be funded from the Invested Capital to be contributed upon the closing of the acquisition of the Property. It is anticipated such working capital reserve could be used to pay for unbudgeted operating expenses, costs for capital improvements and interest for the TEA Loan. It is anticipated (but not guaranteed) that the COVID-19 Debt Service Reserve in the approximate amount of $830,160 will be returned within one year after the closing, provided that there is not any COVID-19 emergency declaration or executive order still in effect in Michigan or

Grand Rapids. If this occurs, then the refund of the COVID-19 Debt Service Reserve would likely be added to the working capital fund.

Management of the Property

The Property will be managed by The Hayman Company, at an estimated fee equal to 2.625% of total revenue. In addition, Time Equities, Inc., an affiliate of the Managers, will provide asset management services at a fee of a 1.50% of total revenue.

Property Condition Assessment

TRC Environmental Corporation ("**TRC**") performed a property condition ("**PCA"**) for the Property in November 2020. TRC indicated the overall physical condition of the Property was in good condition, except for some pavement striping, which TRC indicated was in fair condition. TRC estimated reserves for future improvements for the Property, on an uninflated basis, of $.17 sf/per year or $152 per unit per year. TRC did not include any immediate repairs to be undertaken at the Property. The total improvement reserves, for a term of 12 years, as set forth in the PCA, were estimated by TRC, on an uninflated basis, in the amount of $523,890.

The items and estimated improvement costs to be incurred over a 12 year period in the PCA were as follows:

• Paving	$ 3,340
• Exterior walls	$ 60,000
• Water distribution and domestic hot water system	$ 73,100
• Flooring	$ 86,100
• Refrigerators	$172,200
• Dishwashers/garbage disposals	$129,150
TOTAL	**$523,890**

As stated above, the Financial Forecast includes an annual capital reserve of $300 per unit or $86,100, which amount is grown at 2% per annum. Such annual reserve is substantial higher than the reserve amount recommended by TRC in the PCA or required to be funded under the Freddie Mac loan.

Environmental Assessment

TRC performed an environmental assessment of the Property in November 2020. The prior testing undertaken in 1999 revealed low concentrations of volative organic compounds. Such samples were undertaken in a area currently occupied by the parking garage. Until approximately 1998 part of the Property was used for lithographic plating manufacturing operations. TRC indicated that a lot of activity has occurred since then that likely removed the potential source of low level VOC contamination discovered back in 1999. After the closing, TRC will complete a baseline environmental assessment ("**BEA**") and submit such BEA to the Michigan Department of Environmental Quality (**EGLE**"). The BEA will enable EGLE to distinguish pre-existing contamination from potential future contamination and will provide the Co-Owners with liability protection as to any existing contamination at the Property. The BEA process in Michigan will exempt the Co-Owners from any obligation to clean up the existing low level contamination at the Property.

Documents Available

Statements made in this Supplement as to the contents of any contract or other document referred to are not necessarily complete, each such statement being qualified in all respects by such reference. Documents described or referred to in this Supplement or those relating to the Property are available for inspection by a prospective investor or his or her representative in the offices of the Managers and/or the representatives of Time Equities, Inc., 55 Fifth Avenue, 15th Floor, New York, New York 10003. Such documents, when available or completed, include, but are not limited to, the Purchase and Sale Agreement, the organizational documents for the tenant-in-common owners, the existing leases, property condition report, environmental site assessments title report and survey for the Property. Prospective investors or their representatives desiring to examine any and all of these documents should contact the Managers.

Possible Roll Up of the Tenancy In Common

The Managers reserve the right, to call for transfer of all separate tenancy in common interests in the Property to a single legal entity (the "**Rollup Entity**"), pursuant to what is commonly referred to as a "**Roll Up**", into the Brix Group LLC or a new entity, whereby the existing beneficial owners of the Co-Owners will own their same beneficial ownership interests in the Property in the Roll Up Entity, except the Managers may admit new members to the surviving entity provided such new members, in the aggregate, do not own more than a ten percent (10%) interest in the Rollup Entity. In such case, the Fund would be a member of the Roll Up Entity.

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. Prospective Investors should carefully consider the following additional risk factors:

1) **Variances from the Financial Forecast**. The Financial Forecast presents, to the best of the Managers' knowledge and belief, the Managers' estimate of the expected operating results of the Property for the 10-year forecast periods. It is based upon the Managers' assumptions reflecting conditions they expect to exist and the course of action they expect to take during the forecast period. 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 Supplement, 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, nor any of the Co-Owners, 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.

2) **Projected Cash Flow**. Any projected cash flow or forward-looking statements included in this Supplement 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 Supplement. 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 Supplement 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 Co-Owners.

3) **Mortgage Risk**. The Financial Forecast includes a possible mortgage refinancing with the same lender in the second or third quarters of 2021 in the amount of $48,141,258. The Financial Forecast estimates the interest rate for the entire term of the Loan at 3.5% per annum. The actual rate may be higher or lower than this estimated interest rate. Interest only payments are projected to be paid for the entire 10-year term. Annual debt payments are estimated to be $1,684,944 per year. It is likely that a new COVID-19 Debt Service Reserve will be required for this refinancing. The Financial Forecast estimates the amount of this reserve will be $830,160, however, the actual amount to the extent required, may be higher or lower than this projected amount. There is no guaranty as to the amount and terms of such possible refinancing. Any change in the 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.

4) **Risk as to Reserves for Improvements.** The Financial Forecast includes an annual reserve for capital improvements, starting at $86,100 for the first year of operation, based on $300 per unit and grown thereafter based on 2.25% annual increases. This reserve is substantially higher than the reserve of $152 per annum that TRC included in the PCA or the required capital improvement reserve of $200 per unit per annum required to be funded by the borrower under the existing mortgage loan. There is no guaranty as to the adequacy of the reserves to be funded, on an annual basis, from operating income. Furthermore, there may still be in effect certain construction warranties after the closing. However, it is uncertain at this time as to whether or not there are any remaining construction warranties in effect after the closing date.

5) **Risk as to Occupancy Levels.** The Managers and the managing agent will strive to maintain the current occupancy level for the Property, as set forth in the Financial Forecast. In the Financial Forecast it was assumed that the average physical occupancy level, during the 10 year forecast period, will be 94.00% and the average economic occupancy level, during the 10 year forecast period, will be 91.00%. 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 drop and this could reduce the return paid to Investors on their Invested Capital.

6) **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, which may necessitate a reduction in rent, it may take longer to release space or to lease vacant space than projected and the Co-Owners may have to give more tenant concessions to attract or retain tenants than estimated, including those for free rent periods. All of these leasing risks could ultimately affect the cash available for distribution to Investors.

7) **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 Co-Owners will be competing for tenants on the basis of location, access, rental rates, size and layouts of space, amenities offered by the Property, the quality of the surrounding area and a variety of other factors. The success of the Co-Owners will depend to a large degree upon its ability to compete with other similar properties, which in turn depends upon its ability to be competitive as to the foregoing factors. The failure of the Co-Owners or the Managers to establish and maintain a favorable market position could have a material adverse effect on its profitability.

8) **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 apartments at the Property remains vacant. The Financial Forecast includes a working capital fund of approximately $430,089, to be funded from Invested Capital, which could be used to pay for capital improvements, leasing commissions, amenities, unit upgrades, interest on the TEA Loan and other unanticipated or unbudgeted expenses in

operating the Property. Also, the working capital fund may be increased when any such COVID-19 Debt Service Reserve is returned. There is no guaranty that such working capital fund will be adequate 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.

9) **Risk as to Covid-19**, The economic downturn caused by COVID-19 (including any resurgence or spiking of its outbreak) could materially adversely impact the ability of the Co-Owners to maintain current occupancy levels and/or could adversely affect rental collections. The current rent arrears at the Property are not material and are far less than utilized in the Financial Forecast. Another potential risk due to COVID-19 is the possibility that free rent may have to be granted to attract new tenants and/or retain existing tenants. Now that the Property is at 89% occupancy level, as of the date of this Supplement, the seller is not offering any free rent for new or renewal leases. The Financial Forecast includes an aggregate deduction of 8% from projected base rental income for bad debt expenses, concessions or free rent and a general vacancy allowance. There is no guaranty as to the appropriateness of such deductions if COVID-19 in Grand Rapids dramatically increases from current levels. It is difficult to predict the likely impact of COVID-19 on the economic conditions in Grand Rapids 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-19 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-19 Pandemic still exists, it is almost impossible to accurately predict the long-term economic impact that it will have on the Property.

10) **Risk as to COVID-19 Debt Service Reserve**. At closing the Co-Owners shall assume the obligation to maintain the COVID-19 Debt Service Reserve and pay or reimburse the seller at closing $1,808,002 as to the amount of such COVID-19 Debt Service Reserve maintained with the Lender. TEA will make a loan to the Co-Owners to pay for such required reimbursement to the seller at the closing. There is no guaranty as to when such COVID-19 Debt Service Reserve could be terminated. In any event, upon payoff of the existing loan, the COVID-19 Debt Service Reserve will be released to pay off the TEA Loan. There is also the possibility that, to the extent the Co-Owners refinance the existing mortgage loan in 2021, while the Pandemic emergency declarations or executive orders are still in effect in Michigan and/or Grand Rapids, Freddie Mac will likely require a COVID-19 Debt Service Reserve under such new loan. If such COVID-19 Debt Service Reserve is required under the new Freddie Mac loan, then the Co-Owners would have to increase the loan amount to fund such new COVID-19 Debt Service Reserve. There is no guaranty as to the ability to increase the loan amount for such possible refinancing to cover any such required COVID-19 Debt Service Reserve.

11) **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.

12) **Uninsured Losses**. The Managers 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 Co-Owners may lose all or part of its investment. The Co-Owners 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.

13) **<u>Risk as to Management of the Property</u>**. Prior to the roll up of the tenant in common purchasers, the Investors who become the sole member of a Sole Member Co-Owner, shall have certain approval rights as to the management and operation of the Property as outlined in this Supplement (for example, approval rights as the sale and/or financing for the Property, approval rights as to any lease other than a Preapproved Lease and approval rights as to the replacement of the managing agent and/or asset manager for the Property. Notwithstanding the above, any Investor (including the Fund) who becomes a member of Brix Group LLC, who is not purchasing their investment to take advantage of tax deferral pursuant to Code Sections 1031 or 1033 , do not have the same approval rights as a sole member of a Sole Member Co-Owner, who is purchasing their investment to implement a 1031 or 1033 transaction. Such additional approval rights are granted to a 1031 or 1033 Investor prior to the roll up of tenant in common purchasers since they may be required to insure that such Investor's 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 rolled up into the Rollup Entity, the sole member of a Sole Member Co-Owner will no longer have such approval rights. After the roll up of 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 a sole member of a a Sole Member Co-Owner, will no longer be able to participate in the conduct and/or business operations of such Rollup Entity and/or the Property in the same manner as that member did prior to the Rollup.

14) **<u>Risks as to Conflicts of Interest</u>**. 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 Co-Owners and their respective companies and/or Members comprising the Co-Owners. These conflicts of interest include, but are not limited to, the following:

a. Competition with 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 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. 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 Supplement, 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 the 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 rolled up, 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 purchasers, where the Managers may desire to undertake a 1031 tax deferred 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 tax deferred 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 a Guarantor and the Members of each Co-Owner

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 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 Rollu[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 the 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 and 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.

15) **<u>Environmental Liabilities Are Possible and Can Be Costly.</u>** 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 cannot 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. Neither the tenant in common purchasers, the Rollup Entity nor the Managers can 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. The Financial Forecasts for the Property do 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.

16) **<u>Toxic Mold</u>**. 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.

17) **<u>Compliance with the Americans with Disabilities Act</u>**. 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.

18) **<u>Risks regarding not funding a Capital Call.</u>** In the event a member of the Rollup Entity fails to contribute to a capital call, such non-contributing member is subject to a dilution of their membership percentage interest (priority and residual interests) equal to 150% of the amount such non-contributing member failed to contribute.

THE ABOVE POTENTIAL RISKS ARE NOT INTENDED TO BE AN EXHAUSTIVE LIST OF POTENTIAL AREAS OF RISK AND MEMBERS OF THE FUND ARE URGED TO CONSIDER SUCH RISKS ALONG WITH THE RISKS SET FORTH IN THE MEMORANDUM.

The Brix | **Multi-Family**

Grand Rapids, MI

10 YEAR FINANCIAL FORECAST

TEI Offer Price	**68,250,000**
Going In Cap Rate: Before Reserves	5.63%
Going In Cap Rate: After Reserves	5.50%
Closing Costs	4,129,160
Debt	46,747,160
Equity	25,632,000
Units	287
Total SF	250,524
Loan to Value	68%
Current Occupancy	93%
TEI All in Costs	72,379,160

Unit Type	Total Units	Avg. SF	$/Month	$/SF/Month
1x1	182	728	$ 1,435	$ 1.97
2x2	79	1,045	$ 1,777	$ 1.70
3x3	26	1,364	$ 2,412	$ 1.77

Rent Growth	2.25%
Reimbursement Growth	2.25%
Expense Growth	2.25%
Tax Growth	2.00%
Capital Reserves Per Unit	$300.00
Price/Unit	**$252,192**
Price/SF	**$288.91**

	SF	Occupancy	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Base Rental Income ($/SF for Apartments)			$1.85	$1.89	$1.94	$1.98	$2.03	$2.07	$2.12	$2.17	$2.21	$2.26
1x1	132,496	100%	$3,134,040	$3,204,556	$3,276,658	$3,350,383	$3,425,767	$3,502,847	$3,581,661	$3,662,248	$3,744,649	$3,828,903
2x2	82,555	100%	$1,684,596	$1,722,499	$1,761,256	$1,800,884	$1,841,404	$1,882,835	$1,925,199	$1,968,516	$2,012,808	$2,058,096
3x3	35,464	100%	$752,544	$769,476	$786,789	$804,492	$822,593	$841,102	$860,026	$879,377	$899,163	$919,394
Total Base Rental Income			**$5,571,180**	**$5,696,532**	**$5,824,704**	**$5,955,759**	**$6,089,764**	**$6,226,784**	**$6,366,886**	**$6,510,141**	**$6,656,619**	**$6,806,393**
		Vacancy	9.8%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
General Vacancy (to adjust to market)	-	9.8%	($545,976)	($341,792)	($349,482)	($357,346)	($365,386)	($373,607)	($382,013)	($390,608)	($399,397)	($408,384)
Bad Debt Expense		1.20%	($66,854)	($56,965)	($58,247)	($59,558)	($60,898)	($62,268)	($63,669)	($65,101)	($66,566)	($68,064)
Concessions/Model/Employee Units		2.00%	($111,424)	($113,931)	($116,494)	($119,115)	($121,795)	($124,536)	($127,338)	($130,203)	($133,132)	($136,128)
Parking Income		$916	$262,985	$268,902	$274,952	$281,139	$287,465	$293,932	$300,546	$307,308	$314,223	$321,293
Fee Income		$1,019	$292,394	$298,973	$305,700	$312,578	$319,611	$326,802	$334,155	$341,674	$349,361	$357,222
Effective Gross Income			**$5,402,306**	**$5,751,719**	**$5,881,132**	**$6,013,458**	**$6,148,761**	**$6,287,108**	**$6,428,568**	**$6,573,211**	**$6,721,108**	**$6,872,333**

	Amount Per Unit	$/Unit	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Operating Expenses												
Payroll		$1,307	$375,000	$383,438	$392,065	$400,886	$409,906	$419,129	$428,560	$438,202	$448,062	$458,143
Utilities		$889	$255,000	$260,738	$266,604	$272,603	$278,736	$285,008	$291,420	$297,977	$304,682	$311,537
R&M		$305	$87,500	$89,469	$91,482	$93,540	$95,645	$97,797	$99,997	$102,247	$104,548	$106,900
Turnover		$400	$114,800	$117,383	$120,024	$122,725	$125,486	$128,309	$131,196	$134,148	$137,167	$140,253
Contract Services		$436	$125,000	$127,813	$130,688	$133,629	$136,635	$139,710	$142,853	$146,067	$149,354	$152,714
General & Admin		$261	$75,000	$76,688	$78,413	$80,177	$81,981	$83,826	$85,712	$87,640	$89,612	$91,629
Marketing		$279	$80,000	$81,800	$83,641	$85,522	$87,447	$89,414	$91,426	$93,483	$95,586	$97,737
Insurance		$296	$85,000	$86,913	$88,868	$90,868	$92,912	$95,003	$97,140	$99,326	$101,561	$103,846
Real Estate Taxes		$3,081	$884,340	$1,033,746	$1,054,421	$1,075,509	$1,097,020	$1,118,960	$1,141,339	$1,164,166	$1,187,449	$1,211,198
Professional Fees		$26	$7,500	$7,669	$7,841	$8,018	$8,198	$8,383	$8,571	$8,764	$8,961	$9,163
Mgmt. Fee	2.625%	$494	$141,811	$145,001	$148,264	$151,600	$155,011	$158,498	$162,065	$165,711	$169,440	$173,252
Asset Mgmt. Fee	1.5%	$282	$81,035	$82,858	$84,722	$86,628	$88,578	$90,571	$92,608	$94,692	$96,823	$99,001

Total Operating Expenses	**$ 8,056**	**$ 8,056**	**$2,311,985**	**$2,493,513**	**$2,547,033**	**$2,601,705**	**$2,657,555**	**$2,714,607**	**$2,772,888**	**$2,832,425**	**$2,893,244**	**$2,955,373**
Net Operating Income			**$3,090,320**	**$3,258,206**	**$3,334,100**	**$3,411,753**	**$3,491,206**	**$3,572,501**	**$3,655,679**	**$3,740,786**	**$3,827,864**	**$3,916,959**
Leasing & Capital Costs	**$/Unit**											
Capital Reserves	$300.00		$86,100	$88,037	$90,018	$92,043	$94,114	$96,232	$98,397	$100,611	$102,875	$105,190
Total Turnover & Capital Costs			**$86,100**	**$88,037**	**$90,018**	**$92,043**	**$94,114**	**$96,232**	**$98,397**	**$100,611**	**$102,875**	**$105,190**
***TIF Rebate**	**($5,285,900)**		$ 750,348	$ 772,858	$ 796,044	$ 819,925	$ 844,523	$ 869,858	$ 895,954	$ 922,833	$ 258,834	$ -
Net Cash Flow			**$3,754,568**	**$3,943,026**	**$4,040,125**	**$4,139,634**	**$4,241,614**	**$4,346,127**	**$4,453,236**	**$4,563,007**	**$3,983,823**	**$3,811,770**
Debt Service			$1,636,151	$1,684,944	$1,684,944	$1,684,944	$1,684,944	$1,684,944	$1,684,944	$1,684,944	$1,684,944	$1,684,944
Total Debt Service			**$1,636,151**	**$1,684,944**	**$1,684,944**	**$1,684,944**	**$1,684,944**	**$1,684,944**	**$1,684,944**	**$1,684,944**	**$1,684,944**	**$1,684,944**
Cash Flow after Debt Service			**$2,118,417**	**$2,258,082**	**$2,355,181**	**$2,454,690**	**$2,556,670**	**$2,661,183**	**$2,768,292**	**$2,878,063**	**$2,298,879**	**$2,126,826**
ROE - LEVERED	**9.55%**		**8.26%**	**8.81%**	**9.19%**	**9.58%**	**9.97%**	**10.38%**	**10.80%**	**11.23%**	**8.97%**	**8.30%**
	Debt Assumptions (Loan Assumption at Closing)				Assumption For Possible Refinancing							
		3.50%	Interest		3.50%	Interest						
		0	Amortization		0	Amortization						
		3.50%	Constant		3.50%	Constant						
		46,747,160	Remaining Balance		48,141,258	Remaining Balance						
		1,636,151	Annual Debt Service		1,684,944	Annual Debt Service						
		1,636,151	I/O (10 Yrs)		1,684,944	I/O (10 Yrs)						

*Estimated rebate from the city under TIF program. See Real Estate Tax section in General Methodology used for financial forecast for more details.

FINANCIAL FORECAST

GENERAL METHODOLOGY USED FOR FINANCIAL FORECASTS OF OPERATION OF THE BRIX AT MIDTOWN LOCATED AT 414 BENSON AVENUE NE, GRAND RAPIDS, MICHIGAN FOR THE PERIOD FROM MARCH 1, 2021 THROUGH FEBRUARY 28, 2031

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:

Forecast Periods: Operations are projected for an ten (10) year period, commencing in March 2021. The annual periods in the forecasts are from March through February.

Acquisition: The Property is anticipated to be purchased for a total project cost of $73,136,160. The purchase price is $68,250,000. The closing date is expected to be on or about March 15, 2020.

Loan Assumptions: On the closing date, the existing loan will be assumed based on a loan amount of $46,747,000. The interest rate is a floating rate based on 30-day Libor plus 235 basis points. In the Financial Forecast, the projected interest rate utilized for the first year of operation is 3.5%. The monthly debt service payments consist of interest only.

TEA will provide a loan to the Co-Owners, at closing, in the amount of $1,808,002 to provide funds for the payment to the Seller at the closing for the amount of the COVID-19 Debt Service Reserve maintained with the Lender. The TEA Loan will provide for quarterly interest only payments, based on an interest rate of 7% per annum. Such loan is estimated to be payoff from the possible financing as set forth below.

The Financial Forecast includes a possible refinancing in the 2nd or 3rd quarters of 2021 with the same lender. The loan amount is estimated to be $48,141,258, with a fixed interest rate of 3.5% for the entire term. The estimated loan to value ratio is approximately 65%. The Financial Forecast includes interest only payment for the entire projected 10-year term.

Income: The Property is currently 89% occupied. The leases from these tenants are projected in the first year of operation to generate a net cash flow, after reserves and debt service, of approximately $2,118,417.

The current average monthly rents are projected for a 1-bedroom apartment to be $1,435 per unit, for a 2-bedroom apartment to be $1,777 and for a 3-bedroom apartment to be $2,412. Thereafter, rental rates are increased at 2.25% per annum.

<u>Real Estate Taxes and Reimbursement Under the TIF Program</u>: Real Estate Taxes for the first year of operation are projected to be $884,340. After the first year of operation, real estate taxes are re-asses based on the purchase price and is projected to be $1,033,746. From that point forward starting in year 3, they are grown at 2%. Under the Tax Incremental Financing Program ("**TIF Program**"), the Co-Owners will receive reimbursement from the City of Grand Rapids of the portion of the incremental property tax generated from the construction of the apartment complex on the Property over and above the base taxable value of the Property. The amount of such reimbursement for the first year of operation is estimated to be $750,348. This would reduce the net effective real estate taxes for the first year of operation to $133,992. The amount of such annual reimbursement from the City of Grand Rapids is set forth in the Reimbursement Agreement entered into with the Seller. It is anticipated but not guaranteed, that the Co-Owners will receive such reimbursement for approximately nine (9) of the ten (10) years of operation, as set forth in the Financial Forecast. The amount starts to be reduced the eighth year of operation in the Financial Forecast to $922,833 and in the ninth year of operation, the last reimbursement, is projected to be $258,834.

<u>Occupancy</u>: Under the Financial Forecast, it is assumed that the Property achieves a maximum physical occupancy rate of 94%. The 10-year average occupancy is 93.80%. It is assumed the average economic occupancy level will be 90.8%.

<u>Reduction to Base Rental Income to Create Effective Gross Income</u>: The Financial Forecast includes the following deductions for year 1 from projected base rental income to create the effective gross income utilized to determine net cash flow:

Deduction	**Percentage Deduction from Base Rental Income**
General Vacancy	7.5%
Bad Debt Expenses	1.20%
Model/Employee Units/ Concessions (Free Rent)	2.50%
TOTAL	**11.2%**

The Financial Forecast includes the following deductions for years 2-10 from Projected Base Rental Income to create the Effective Gross Income utilized to determine net cash flow:

Deduction	**Percentage Deduction from Base Rental Income**
General Vacancy	6.00%
Bad Debt Expenses	1.00%
Model/Employee Units/ Concessions (Free Rent)	1.0%
TOTAL	**9%**

Growth Factors for Rents & Expenses other than Real Estate Taxes: In the Financial Forecast rents and expenses after the first year of operation are both growth at 2.25% per annum

Management Fees: The Hayman Company will be paid a property management fee equal 2.625% of the total revenue for such management services and Time Equities Inc. will receive an asset management fee equal to a 1.50% of the total revenue.

Working Capital Fund: A working capital fund, in the estimated amount of $430,089, is included as part of the Invested Capital. Such working capital fund may be used to fund unbudgeted operating expenses, and/or capital improvements. $430,089 of the working capital fund is not projected to be utilized during the 10-year forecast period, although there is no guaranty of such result. Such working capital fund may be increased from the projected return of the new COVID-19 Debt Service Reserve, anticipated to be required as part of any such possible refinancing in the 2nd or 3rd quarter 2021.