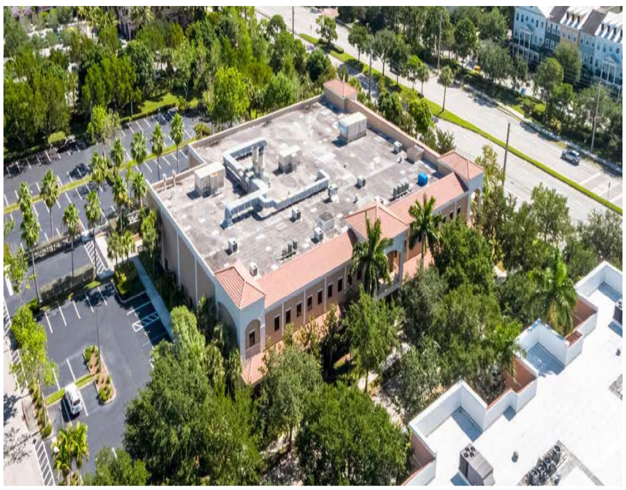
Project Supplement No. 12

(Dated February 5, 2021)
to the Confidential Private Placement Memorandum
of TEI Diversified Income & Opportunity Fund V, LLC,
dated January 1, 2020

This Project Supplement No. 12 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 1-11, 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. 12, have the meanings set forth in the Memorandum.



Summary

On December 17, 2020, JIC Equities LLC, 555 Heritage Shoprite Equities LLC and 555 Heritage TEI Investors LLC, as tenants in common (collectively the "**Heritage TIC**"), purchased a 44,855 square foot commercial building called the Jupiter Innovation Center and located at 555 Heritage Drive, Jupiter, Florida for a purchase price of $5,250,000. The Property was purchased on an all cash basis. Total Invested Capital, funded by all of the tenant in common owners, is $6,300,000. The Fund is a member in 555 Heritage TEI Investors LLC (the "**Company**") and the Company owns a 40.4762% undivided tenant in common interest in the Property. The Fund contributed $637,500 to the Company for a 10.12% beneficial ownership interest in the Property. This acquisition is a joint venture with The Becker Organization and affiliates of the Becker Organization and Robert Kantor (one of the managers of the Company) own the remaining two tenant in common owners. The building consists of 15,269 square feet of second floor office space and 29,586 square feet of first floor lab space, for a total square footage of 44,845. Upon closing the Property was 18.28% leased to two tenants. As of February 1, 2021, a new 10,200 sf lease was executed which will increase the occupancy level to 41.12%. This lease was independently sourced by The Becker Organization and was not factored into the purchase price. The tenant under this new lease has a 6 month free rent period and they begin paying base rent as of August 1, 2021. In the Financial Forecast, it is projected (but not guaranteed) that the occupancy level will be increased to 85% in the 3rd year of operations. The business plan for the Property consists of an aggressive lease up strategy by offering competitive tenant improvements and leasing commissions and below market rents to attract new tenants and retain existing tenants. Also, the business strategy consists of offering flexible lease terms for startup companies that are looking for a lease term of less than 5 years (generally around 3 years).

Assuming the Heritage TIC can achieve its projected occupancy levels as set forth in the attached Financial Forecast, the Financial Forecast includes a projected financing for the Property, in the beginning of the 3rd year of operations, in the estimated amount of $6,161,243. Net proceeds from such projected financing are estimates to reduce Invested Capital from $6,300,000 to $802,950.

This Supplement includes a 10-year Financial Forecast for the Property. The Financial Forecast projects an average return over 10-years from net cash flow at 19.37%. Returns, starting in the 3rd year of operations, are calculated based on this reduced Invested Capital of $802,950.

The returns in the Financial Forecast are at the Property level and do not reflect the distribution formula set forth in the Operating Agreement for the Fund, which includes the profit participation of the manager of the Fund. There is no guaranty that this investment by the Company in the Heritage TIC will generate the above average returns set forth in the Financial Forecast or result in the projected return of Invested Capital.

Acquisition and Business Plan

This deal presents the opportunity to purchase an underperforming asset in a tight, growing submarket at an attractive price per square foot compared to competing properties. The asset was purchased well below replacement cost, and has significant upside in potential lease-up due to the low current occupancy rate of 18.280% upon closing. After the closing, a lease for a 10,200 square foot lease, carrying a 5-year term, was executed with a new tenant, which provides a commencement date of February 1, 2021 and the payment of base rent, after a free rent period, commencing on August 1, 2021. In addition, this tenant will start paying additional rent as of February 1, 2021. This new lease raised the occupancy level for the Property to 41.12%. This lease was not priced into the transaction by seller or competing buyers. This tenant was sourced for the Property by the Becker Organization.

The business strategy is to lease-up the Property over 2 years through an aggressive leasing strategy by offering competitive tenant improvements and leasing commissions and rents significantly lower than existing tenants at the Property. Further, the Heritage TIC plans to offer the ability for tenants to sign shorter term (1-3 year) leases.

While the market rate for office space in the building is considered to be $25 per sf, to achieve the lease up strategy, the Heritage TIC plans to offer new and renewal leases at below market rental rates of approximately $20 per sf for office space. The low in place occupancy is partially the result of the seller's unwillingness to provide flexible lease terms or offer compelling rental rates. The seller is a large Life Science REIT based in California. The Property is this seller's only holding in the market and is one of the smallest assets in the seller's portfolio. The seller's asking rents are currently well above the rates the Heritage TIC plans to offer and the seller has refused to consider any lease terms less than 3 years in length, which is not consistent with the market. These factors probably severely limited the ability of the seller to attract tenants for the building.

The Property as it exists today is well located and nicely amenitized, which includes a shared Board/Conference room, shared ice maker, shared copy room, dual autoclave for lab sanitization, a reverse osmosis water filter, a generator, a shared break room, and a fitness room. The **turn-key** labs and shared equipment room are highly attractive to scientists in the launchpad phase for research and development. These tenants typically rely on grant money and seed capital limiting their ability to enter into long term leases. Further, based on the Property condition assessment previously performed for the Property, the Property appears to be in good physical condition, allowing the Heritage TIC to focus primarily on aesthetic high impact improvements to the lobby and common areas, as opposed to base building improvements.

The purchase price for the Property was $5,250,000, which reflects a cost of $117.00 per square foot, and a cap rate on purchase price of approximately 7.5% based on the current net operating income. The closing for the purchase of the Property occurred on December 17, 2020. The Property was purchased on an all-cash basis.

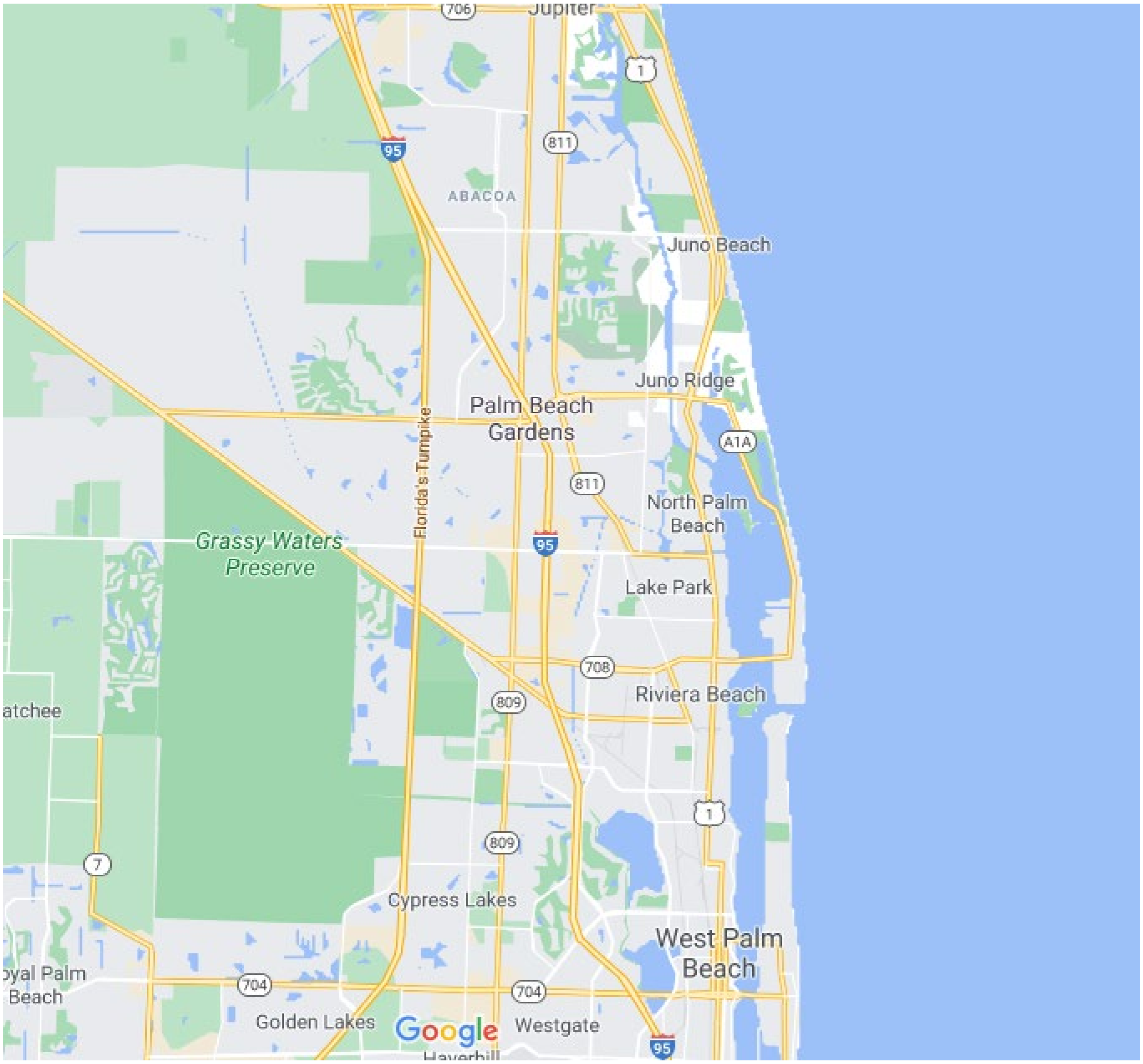
The total Invested Capital for the Property is $6,300,000, which includes the amount to be funded by all of the tenancy in common owners. The Invested Capital will be used to fund the purchase price for the Property, closing costs, working capital, capital expenditures anticipated to be incurred in the first year of operations and projected tenant improvements and leasing commissions. The Company contributed $2,550,000 to the Heritage TIC to purchase a 40.4762% beneficial ownership interest in the Property. The Company is one of the three tenant in common owners of the Property. The Fund contributed $637,500.00 to the Company for a 25% membership interest in the Company or a 10.12% beneficial ownership interest in the Property.

Description for the Buildings:

EXTERIOR:	Painted Stucco
FOUNDATION:	The foundations consist of concrete slab-on-grade with perimeter and interior footings under load bearing structures.
FRAMING:	Superstructure consists of concrete masonry unit load bearing walls supporting metal deck on steel beams and joists and pitched wooden decking supported by wooden trusses.
ROOFING SYSTEM:	Flat, built-up roofing with granular-surfaced modified bitumen cap sheet and pitched, concrete mission tiles.
HVAC:	The Property is heated and cooled by central system of boilers, air-cooled chillers, water-sourced air handling units, and fan coil units; individual packaged units and split system units.
FIRE SAFETY:	The Property has a wet-pipe sprinkler system with a central fire alarm system with local notification and outside dialer.
YEAR OF CONSTRUCTION:	2003
SQUARE FOOTAGE:	44,855
OFFICE USE SQUARE FOOTAGE:	15,269
LAB USE SQUARE FOOTAGE:	29,586
ZONING:	MXD Sub District Place Zoning within the Abacoa Property Owners Association

SITE PLAN FOR THE PROPERTY

Regional Description and Property Location



The Property is located at Palm Beach County, the northern county of the tri-county area in South Florida, alongside Broward and Miami-Dade. Palm Beach has historically catered to a large proportion of retirees, and while this is still the case, the county has also made great strides to bolster its economic output with a large presence in biotechnology and healthcare companies.

According to the U.S. Census report, the county's population grew by 10.65% since 2010, arriving at a total population of 1.46M residents and is projected to grow to 1.55M by 2023, based on its current rate of annual growth. The unemployment rate in Palm Beach County was 6.6% in September 2020, down from 11.7 in July of 2020, however it is up from 3.2% on September 2019. The Palm Beach County unemployment rate is 1.3% lower than the national average of 7.9% in September 2020. Palm Beach has been a telecommunications and IT center since IBM arrived to the county nearly 50 years ago. Employment drivers like Florida Atlantic University's John D.

Macarthur Campus in Jupiter ("**FAU**") located 1 mile from the Property, brings together scientists and students in research and training programs and leverages FAU's close affiliations with Scripps Florida (a state of the art biomedical research facility) and the Max Planck Florida Institute for neuroscience, both located on FAU's Jupiter campus. The campus is also a hub (a date of the art biomedical research facility) for research and training programs offered at FAU Brain Institute and Center for Molecular Biology and Biotechnology, within the Charles E. Schmidt College of Science. FAU's 30,000 students and 1,500 faculty members also serve to fuel further growth in the IT sector going into the future.

The Jupiter Innovation Center benefits from its location in the heart of Jupiter, FL. Situated in northern Palm Beach County, Jupiter covers an area of 23.1-square miles and has an estimated 65,524 residents as of 2018. Once a sleepy bedroom community, Jupiter's local economy has been driven by a diverse business community and growing opportunities for employment, resulting in a population growth of approximately 18.5% since 2010. New residents who sought the quality of life that Jupiter offers have created a demand for carefully planned new home communities, including Abacoa. Northern Palm Beach County, and Jupiter specifically, have become a center for bioscience research. In addition to Max Planck and Scripps, there is a wealth of organizations devoted to research in the area of life sciences. BioFlorida, a self-proclaimed "trade association for the bioscience industry," encompasses over 6,700 establishments and research organizations in the biopharmaceuticals, medical technology, health, IT and bioagriculture sectors. BioFlorida's initiatives provide a strong business climate for the advancement of innovative products and technology that improve lives and promote economic benefits to the state. BioFlorida's Southeast Chapter's Academic Chair is located out of FAU's Northern Campus.

The Property is located in the Abacoa Property Owner's Association ("**Abacoa**"). Abacoa is a 2,055-acre, master-planned, mixed-use community. The master plan for Abacoa includes 6,073 residences and just over 3 million square feet of commercial space. The master plan includes homes, neighborhoods, schools, shops, offices, commercial buildings, recreation sites, and nature preserves.

Current Market Conditions

According to a study of competitive office buildings in the Property's submarket undertaken by Newmark the current availability rate, as of the 4th Quarter of 2020 is approximately 7.4% across 596,224 SF of inventory. This vacancy rate increased by 10 basis points, up from 7.3%, from the 2nd Quarter of 2020. Furthermore, average Class B asking office rents as of Q4 2020 were $24.30 per square foot.

Ownership Structure

The Property was purchased by a tenancy in common consisting of the Company, 555 Heritage Shoprite Realty LLC, and JIC Equities LLC (collectively the "**Heritage TIC**"). Each tenant in common owner is a newly created Florida limited liability company. The ownership percentages for these three (3) tenants in common owners are as follows:

- JIC Equities LLC 19.0476%
- 555 Heritage Shoprite Equities LLC 40.4762%
- 555 Heritage TEI Investors LLC 40.4762%

The managers for the Company are Francis Greenburger and Robert Kantor. The managers for 555 Heritage Shoprite Realty LLC and JIC Equities LLC are Robert Kantor and Bryan Becker. References to the "**General Managers**" means the general managers for all three (3) tenant in common owners. Francis Greenburger is the Chairman and CEO of Time Equities, Inc. and Robert Kantor is President of Time Equities, Inc. Bryan Becker is the son of Robert Kantor and the President of The Becker Organization.

Estimated Uses for the Invested Capital

The following is the estimated uses for the Invested Capital:

Uses of Capital	
Purchase Price	$5,250,000
BUILDING ACQUISITION	**$5,250,000**
Acquisition Fee*	$210,000
Tenant Improvement and Leasing Commissions**	$400,000
Funding for operating deficit for first year of operation	$184,140
Capital Improvements***	$284,223
Legal Fees (Acquisition)	20,000
Title and Survey	3,874
Due Diligence Costs	9,576
3rd Party Reports	8,700
Prorations, Security Deposits and Adjustments	(46,290)
HVAC Credit for Post-Closing Work from Seller****	(24,223)
TOTAL CLOSING COSTS	**1,050,000**
TOTAL USES OF CAPITAL	**$6,300,000**

*The Acquisition Fee was split $157,500 to The Becker Organization and $52,500 to Time Equities Inc.

**Tenant improvement and leasing commissions are based on an estimated $8.92 per square foot and are projected to be incurred during first two years of operation to increase occupancy level to 85%

*** Capital Improvements consist of common area renovations, including upgrades to the bathrooms, renovating the lobby, the shared conference rooms, and the roof, and installing new building signage.

****At closing the Seller provided the Buyer with a credit equal to $24,223 to repair or replace three rooftop HVAC units.

TENANTS

Existing Tenants	SQUARE FOOTAGE	Rent PSF	Lease Expiration
Expansion Therapeutics	6,780	$ 30.90	6/30/2024
Marizyme Lab Space (new tenant)	3,200	$ 16.00	6/30/2026
Marizyme Office Space (new tenant)	7,000	$ 11.00	6/30/2026
Jackman Reynolds Resources	1,463	$ 25.75	9/30/2022
TOTAL	8,243		

All tenants pay operating expense recoveries, as additional rent, on a triple net basis. The Financial Forecast includes up to a 15% vacancy credit loss factor as of year 3 when the Property occupancy level is projected to be increased to 85%. The projected occupancy levels in the Financial Forecast are as follows: year 1 – 47.19%; year 2 – 69.24% and years 3 and thereafter for the remainder of the 10-year forecast period - 85.00%. There is no guaranty of such occupancy results.

For the remainder of the ten (10) year forecast period, vacancy levels are projected to remain at 15% and the vacancy credit loss factor is applied to these years to reduce the gross rent to create the net effective rent. This reduced net effective rent is utilized to calculate net cash flow in the Financial Forecast.

Lease Rollovers

The following is a listing of the square footage of the existing leased space that rolls or expires for calendar years 2022-2026:

Calendar Years	SFs that Expire during the Applicable Calendar Year	% of Total
2022	1,463	3.26%
2024	6,780	15.12%
2026	10,200	22.74%

Leasing Assumptions and Business plan as to the Lease Up of the Property

- Renew and expand tenants with near term lease expiration dates with an understanding that the two existing tenants from previous ownership will likely require a mark down of their rental rates to approximately $22.51 for Expansion Therapeutics, and $20.60 for Jackman Reynolds in order to accomplish the renewals. Each of the above renewals for these two tenants are projected to be a 7 year term.
- All tenants pay their pro-rata share of operating expenses.
- Rental rate assumptions of $20.00 per sf (for first floor lab space) / $15.00 per sf (for second floor office space), with 3.00% annual increases; 24 to 60 month expected lease terms; $5.00-$10.00 per sf tenant improvement allowance for lab space; $4.00 to $5.00 for each year of the lease term for tenant improvement allowance for office space; 1 month of free rent for each year of the lease term. The rent for the new lease with Marizyme is less than the assumptions based on it being for less attractive space than the rest of the building.

Year 3 Projected Mortgage Financing

The Financial Forecast includes a projected financing in the beginning of the 3rd year of operations in an amount equal to **$6,161,243** and assumes that the loan proceeds are used to pay a return of capital to the Investors in the projected amount of $5,497,050, fund a $224,275 working capital reserve and fund an additional reserve in the amount of $224.275 for tenant improvement and leasing commissions. After the closing on such a mortgage loan, the projected estimated Invested Capital remaining in the Heritage TIC is estimated to be $802,950.

The projected terms of such mortgage in the beginning of the 3rd year of operations are as follows:

Loan Amount:	$6,161,243
Loan to Value Ratio:	70%
Debt Service Coverage Ratio:	1.76xx

Interest Rate:	4.50% per annum
Monthly Payments:	Principal and interest based on 30-year amortization schedule
Term:	8 Years
Closing Costs:	$215,643
Net Loan Proceeds:	$5,497,050
Use of Net Proceeds:	Loan proceeds are projected to be used to reduce Invested Capital by $5,497,050 to $802,950, fund a working capital reserve in the amount of $224,275 and fund an additional $224,275 for tenant improvement and leasing commissions.

No Guaranty as to the Mortgage Financing

There is no guaranty as to the ability of the Heritage TIC to obtain the mortgage loan as projected in the Financial Forecast. Any change in the loan amount and/or terms of any such loan could have a material impact on the distributions to be made to Investors, either positively or negatively.

Financial Forecast

Attached hereto is the 10-year Financial Forecast for the Property. The Financial Forecast contains projections for a 10-year period. There is no assurance the Property will perform at the levels assumed in the projections. It is likely that actual results will vary from the amounts shown in the projections.

PROJECTED PROPERTY RETURNS AT THE PROPERTY LEVEL

The following are the projected property level returns for the 10-year forecast period:

Leveraged Cash on Cash Returns after Debt Service Payments	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
	0%	5.01%	22.23%	20.45%	18.38%	20.67%	23.02%	25.45%	27.94%	30.52%

The above returns are on a leveraged basis, starting with the 3rd year of operations.

Net loan proceeds from the loan, from the financing, estimated to occur in the beginning of the third year of operations, is projected to be used to reduce the Invested Capital to $802,950. Returns starting with the third year of operation are calculated based on this reduced Invested Capital.

The Financial Forecast for the Property projects an average return over 10 years from net cash flow at 19.37%.

The above returns are at the Property level and do not reflect the distribution formula for cash available for distribution set forth below 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 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 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.

Funding for Leasing Commissions & Tenant Improvements

The Financial Forecast, for the entire ten (10) year forecast period, includes an annual leasing reserve based on \$1.75 per sq ft. The annual average leasing reserve, during the 10 year forecast period, is projected to be \$78,496. Such annual reserve is projected to be funded by operating income. In addition, leasing commissions and tenant improvements in the amount of \$400,000, for the first two (2) years of operations, are also projected to be funded from Invested Capital. Net loan proceeds in the amount of \$224,275 from the \$6,161,243 loan projected to occur in the beginning of the third year of operations, are also estimated to increase the tenant improvement and leasing commission reserve.

Reserve for Capital Improvements

Beginning in year 3, the Financial Forecast includes an annual reserve for capital improvements of \$11,214 (\$0.25 PSF). This reserve amount is projected to be funded from operating income. Approximately \$284,223 of Invested Capital is allocated for capital improvements to the Property, estimated to be undertaken during the first two years of operations. Such capital improvements consist of common area renovations, including upgrades to the bathrooms, renovating the lobby, the shared conference rooms, and the roof, and installing new building signage.

Working Capital Reserve

The projected mortgage financing, in the beginning of the 3rd year of operation, includes \$224,275 to fund a working capital reserve. Such working capital reserve can be used to pay for leasing costs, capital improvements and unbudgeted operating expenses. In the Financial Forecast, it is estimated that none of such working capital reserve will be utilized.

Management and Leasing on the Property

The Property will be jointly managed by Commercial Florida Realty Services LLC and The Becker Organization for a fee of 4% of collected rents, to be split 3% to Commercial Florida Realty Services LLC and 1% to The Becker Organization. Notwithstanding the above, Commercial Florida Realty Services will receive a minimum of \$3,000 per month. The Becker Organization and Time Equities Inc. will provide Asset Management Services for the Property and shall be paid a fee based on 1.5% of the collected rents, to be split 1% to The Becker Organization and .5% to Time Equities Inc. Time Equities, Inc.'s asset management fee will be paid solely by the Company from its share of net cash flow.

Property Condition Reports

A Property Condition Report ("**PCR**") was prepared by Partner Engineering and Science, Inc. for the Property in June 2019. In the PCR, Partner Engineering and Science, Inc, estimated the replacement reserve costs for the Property over a 12 year period. The following is Partner Engineering and Science, Inc's estimate for replacement costs to be incurred during the 12-year forecast period of the Financial Forecast.

The PCR recommended

- approximately $20,000 of asphalt deal and repairs, to performed every 5 years, commencing in year 2.
- Approximately $120,000 of roof repairs to be performed in year 3, which was reserved for at Closing
- Approximately $108,000 of HVAC repairs, of which $24,223 is to be paid for as a credit from the Seller at Closing
- Approximately $28,000 in furnace repairs in year 7.

The Property was also inspected by roofing and HVAC experts and they provided input for budgeting purposes relating to the roof and HVAC systems and/or equipment.

Environmental Condition

PCR prepared a Phase I environmental assessment for the Property in November of 2020. PCR stated that this assessment revealed no evidence of any recognized environmental conditions, historical recognized environmental conditions, controlled recognized environmental conditions, or significant data gaps in connection with the Property.

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**" shall mean the Company in which the Fund will become a Member; (ii) "**Member**" or "**Members**" shall mean the Member(s) in the Company; (iii) "**Membership Interests**" shall mean the Membership Interests to be acquired by the Fund in the Company; (iv) "**Rolled Up Company**" shall mean the limited liability company to which the Heritage TIC may be ultimately rolled up into one owner for the Property; and (v) any reference to the Heritage TIC or the Company shall mean the Rolled Up Company after the roll up of the Heritage TIC into the Rolled Up Company. 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, the Heritage TIC, 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.

2) **<u>Projected Cash Flow</u>**. 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 Heritage TIC and/or any Investor's investment in the Company.

3) **<u>Risk as to Capital Improvements and Repairs</u>**. The initial project budget includes funding for capital improvements in the amount of $284,223. Such funds will be used for capital improvements consisting of common area renovations, including upgrades to the Bathrooms, renovating the lobby, the shared conference rooms, and the roof, and installing new building signage. The project budget utilized cost estimates provided by roof and HVAC consultants along with forecasting from a property condition report prepared by Partner Engineering and Science. The seller agreed to pay for the cost of replacement of three rooftop HVAC units that were on their last legs at a cost of $24,223 (credited at closing). The Financing Forecast, beginning in year 3, includes an annual reserve for capital improvements in the amount of $11,214 ($0.25 PSF) per year or a total of $89,710, for the entire 10 year forecast period. Also, the working capital reserve could be used to complete certain improvements, which is estimated to be funded in the approximate amount of $224,275 from the projected financing in the beginning of the 3rd year of operation. There is no guaranty as to the adequacy of such funds to complete these or other improvements that will be required to be completed over the 10 year forecast period. Since plans and specifications have not yet been completed and the work has not been bid out, the actual construction costs for such repairs and/or improvements may be higher or lower than projected. Also, certain work that is not planned for completion in the immediate or short term or as projected in the property condition report, may, in fact, be required to be completed sooner or later than projected.

4) **<u>Risk as to Occupancy Levels.</u>** 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 reach a stabilized rate of 85.00% during of the 3rd year of operations. In the Financial Forecast, occupancy levels are increased from 18.38% to 41.12% during the first year of operations, to 69.24% during the 2nd year of operations and thereafter, starting in the 3rd year for the balance of the 10-year forecast, the occupancy level is projected to be 85.00%. To the extent the occupancy level is projected to exceed 85.00%, the rental income is reduced by a vacancy credit loss factor, based on any increase in the occupancy level beyond 85.00%, to create the effective gross rent, which in turn is used to calculate the net cash flow. 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.

5) **Leasing Risks**. The largest tenant, Expansion Therapeutics, which accounts for approximately 15.12% of the current rent roll, lease expires on June 30, 2024. In the Financial Forecast, it is assumed they will renew their lease but there is no guaranty of this result. The projected renewal rent is $22.51 per square foot, which is approximately $8.50 less than the current rent. 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 Heritage 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.

6) **Difficulty Attracting New Tenants**. There can be no assurance that the Heritage TIC will be able to increase and maintain the occupancy level as projected in the Financial Forecast. The tenants may have the right to terminate their leases upon the occurrence of specified events. Further, the leases may contain exclusive use provisions that restrict the types of uses that may be allowed within the Property. Any covenants, conditions and restrictions for the Property may also restrict the ability to lease space within the Property for certain uses. 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, (including loan proceeds to the extent funded pursuant to loan for the Property) then, this could affect the distributions to be made to the 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 Heritage 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 Heritage TIC, amenities within leased space, the quality of the surrounding area and a variety of other factors. The success of the Heritage TIC will depend to a large degree upon its ability to compete with other similar office properties, which in turn depends upon its ability to be competitive as to the foregoing factors. The failure of the Heritage TIC 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 space at the Property remains vacant.

9) **<u>Risk as to Financings and Reduction in Invested Capital</u>**. The Financial Forecast includes one (1) financing for the Property, consisting of the Loan in the beginning of the 3rd year of operations. The Loan amount, interest rate and payment term for this loan are projected as follows:

	Loan Amounts	**Interest Rates**	**Payment Terms**
Loan	$6,161,243	4.50% per annum	Principal and interest based on a 30-year schedule

It is projected that the proceeds of this loan will be used to provide a working capital fund of $224,275, to fund an additional reserves for tenant improvements and leasing commissions in the amount of $224,275 and to pay down Invested Capital by $5,497,050 to $802,950.

There is no guaranty as to the amount and terms for such mortgage loans and any such differences may materially affect, either positively or negatively, the amount of net cash flow after debt service and the distributions to Investors. Also there is no guaranty as to the amount of funding for the working capital fund and the amount of Invested Capital that will be returned to Investors from such projected permanent financing.

10) **<u>Risk as to Cash Sweep if the Projected Financing is a CMBS Loan</u>**. To the extent the projected permanent financing in the 3rd year of operation is a CMBS (commercial mortgage back securities) Loan, then there is a risk that if the Property does not generate, over a trailing six month or one year period, the required minimum debt service coverage ratio, stipulated in the loan agreement (generally between 1.10x to 1.25x) ("**Minimum DSCR**"), then balance of the net operating income, if any, after payment of monthly debt service, reserves and operating expenses, as set forth in the budget for the Property approved by the lender, shall be retained in a cash management account under the exclusive control of the lender and its servicer until the Heritage TIC can subsequently achieves the Minimum DSCR for the stipulated trailing period in the loan agreement. If this occurs, then despite the fact that there may be net operating income for the Property, after payment of debt service, reserves and operating expenses, the Heritage TIC will not be able to make any distributions to Investors. Also, the amount of this cash reserve held by the Lender will be a larger amount to the extent the Minimum DSCR is higher. Debt service coverage ratio is generally defined as the ratio calculated as of the last day of the calendar month immediately preceding the applicable date of determination, the quotient obtained by dividing (1) the net cash flow by (2) the aggregate actual debt service (excluding reserve funds) projected over either a six (6) or twelve (12) month period subsequent to the date of calculation. It is uncertain at this time as to whether or not such projected financing will be a CMBS Loan.

11) **<u>Risk as to Economic Conditions</u>**. Periods 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) **<u>Uninsured Losses</u>**. The Heritage 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 Heritage TIC may lose all or part of its investment. The Heritage 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.

13) **<u>Risks Regarding Not Funding a Capital Call</u>.** To the extent a capital call is required to fund the operations of the Heritage TIC or the Rolled Up Company, then the tenant in common owners or members of the Company would be required to fund such capital calls on a pro rata basis, based on their respective ownership interests in the Property. In the event a member of the Company or the Rolled Up Company fails to contribute their prorata share of any such capital call, then such non-contributing member is subject to the dilution of their membership percentage interest (priority and residual interests) equal to 150% of the amount such non-contributing member failed to contribute.

14) **<u>Risks as to Conflicts of Interest</u>**. There are various conflicts of interest that may occur between the Managers The Becker Organization ("**TBO**") and/or Time Equities, Inc. ("**TEI**") as the asset manager for the Company's 40.4762% Tenancy In Common Interest in Property and the Heritage TIC and their respective companies and/or Members comprising the Heritage TIC. These conflicts of interest include, but are not limited to, the following:

(a) **Competition by the Company with the Other Entities for Management Services**

The Managers, TBO, and/or TEI may encounter conflicts of interest in allocating management time, services and functions between the Heritage TIC 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, TBO, as the asset manager for the Property, and TEI as the asset manager for the Company's 40.4762% Tenancy in Common Interest 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, TBO, TEI, and their respective Affiliates may engage in other business ventures, real estate or otherwise, and the Heritage Tenancy In Common and the Members of companies comprising the Heritage TIC 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 Heritage TIC. Accordingly, there may be conflicts of interest on the part of the Managers and their Affiliates (including TEI and TBO) between the Heritage TIC and other entities and real estate investments or properties which they are involved.

(c) **Partnership Representative**

Pursuant to the operating agreement for each Company comprising the Heritage Tenancy In Common or the Rolled Up Company, 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 tax matters partner.

(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 or represent TBO in other matters. 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) **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 Rolled Up Company. 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 Rolled Up Company. 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 Rolled Up Company.

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 Heritage TIC, 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.

(f) **Conflicts as to Obligations under Loan Documents (including those between a Guarantor and the Members of each Company constituting the Heritage TIC)**

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 Heritage TIC 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 Heritage TIC violate a condition of a loan agreement that would be advantageous to the Heritage TIC 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 Heritage TIC. Due to the fact that such actions, while potentially favorable to the Members or the Heritage Tenancy In Common, might be personally detrimental to a Manager, the following provisions shall be included in the operating agreement for each company comprising the Heritage TIC and/or the Rolled Up Company and pertain to any actions that might be taken in connection with the ownership and operation of the Property by the Heritage TIC or the Rolled Up Company and the administration of the loans and/or other obligations of the Heritage TIC or the Rolled Up Company:

(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 Heritage TIC or the Rolled Up Company arising under any loan documents, notwithstanding that the failure to take any such action might result in the total or partial loss of the Heritage TIC's or the Rolled Up Company'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 Heritage TIC's or the Rolled Up Company arising under any such loan documents, notwithstanding that the taking of any such action might result in the total or partial loss of the Heritage TIC's or Rolled Up Company's interest in some or all of its assets. Such actions may include transferring the Property to a lender in lieu of foreclosure.

(g) **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 Heritage TIC's and the Rolled Up Company, which duty will govern their actions in all such matters. While the foregoing conflicts of interest could materially and adversely affect the Heritage TIC's or the Rolled Up Company, 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) **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. The Heritage TIC and the Company cannot guaranty that hazardous substances and/or wastes will not be discovered on the Property during the Heritage TIC's or the Rolled Up Company's ownership or after sale to a third party. If such hazardous substances or wastes are discovered on the Property, the Heritage TIC may be required to remove those hazardous substances and clean up the Property, and the Heritage TIC, may incur full recourse liability for the entire cost of any such removal and cleanup. The Heritage TIC cannot guaranty that the cost of any such removal and cleanup would not exceed the value of the Property or that the Heritage TIC could recoup any such costs from a third party. The Heritage TIC 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, 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 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) **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.

17) **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 Property-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 Heritage TIC. 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) **COVID-19 Risk**. The COVID-19 Pandemic may have a serious negative impact on the demand for office/lab space long after it is over. It is uncertain at this time, as to what extent people will continue to work from home. Companies have learned to adopt to a home workforce. It is unclear as to what will be the future combination, that companies will evolve to in terms of working from home and being in the office or to what extent companies will look to downsize their office/lab space needs. Alternatively, COVID-19 could create more demand for suburban office space as people desire to move away from the City. In the process of working from home, companies and their employees continue to recognize the benefits of everyone working in one location, in terms of obtaining better employee communications, promoting more efficient and productive employees and creating a more cohesive company culture and environment. Companies may, to some extent, move away from everyone working in open areas with close proximity to their fellow workers to a more spread out working environment within their office space.

The employees for the tenants at the Property have resumed utilization (although not at full capacity) of their respective leased spaces. Upon closing, it is anticipated that there will not be any rent reductions and/or deferrals in effect for any of the existing tenants. There were no current arrears in rent, as of December 31, 2020.

Under the Financial Forecast, it is assumed that occupancy levels will be increased to 85% in year 3. The achievement of such occupancy levels become more uncertain when it is unclear at this time, as to how the office market will evolve and change once the COVID-19 Pandemic is over.

To the extent the COVID-19 Pandemic persists and continues and/or another Pandemic 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.

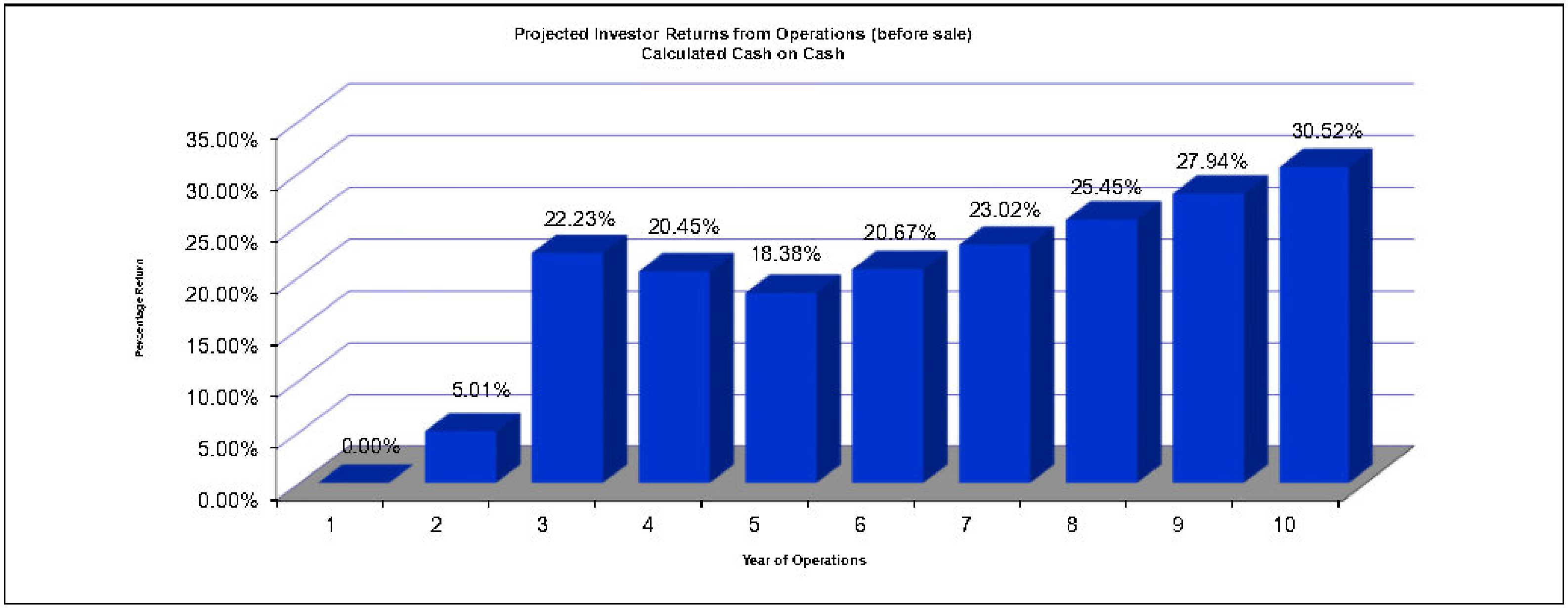
It is difficult to predict the likely impact of COVID-19 on the economic conditions and the operation of the Property. As a result, there can be no assurance that the Property will achieve anticipated cash flow levels. The Managers will attempt to account for the current weakness of the economy created by COVID-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.

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 ALONG WITH THE OTHER RISKS SET FORTH IN THE MEMORANDUM FOR THE FUND.

Jupiter Innovation Center
Summary of Ten Year Financial Forecast

Summary of Returns to Investors

Initial Capital Invested $6,300,000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Return to Investors from Operations excluding Return of Equity	-	$315,798	$178,462	$164,167	$147,577	$165,934	$184,842	$204,317	$224,377	$245,038
Percentage Return Cash on Cash	-	5.01%	22.23%	20.45%	18.38%	20.67%	23.02%	25.45%	27.94%	30.52%
Investor's Average Cash on Cash Return	19.37%									
Return From Capital Transactions	-	-	$5,497,050	-	-	-	-	-	-	
Total Return to Investors	-	$315,798	$5,675,511	$164,167	$147,577	$165,934	$184,842	$204,317	$224,377	$245,038
Investors Internal Rate Of Return	12.11%									



Jupiter Innovation Center
Income and Expenses

Total Square Feet Excluding Basement 44,855

					Stabilized							
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
For the Years Beginning			1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
POTENTIAL GROSS REVENUE		RENT GROWTH FACTOR:		3.00%								
		STABILIZED PER SF										
Gross Base Rental Revenue		$20.57	$878,657	$900,916	$922,780	$908,881	$892,253	$919,020	$946,591	$974,989	$1,004,238	$1,034,365
Op Ex Reimbursement		$15.18	$657,825	$661,023	$680,854	$701,279	$722,318	$743,987	$766,307	$789,296	$812,975	$837,364
Potential Gross Revenue		$35.75	$1,536,482	$1,561,939	$1,603,634	$1,610,160	$1,614,570	$1,663,008	$1,712,898	$1,764,285	$1,817,213	$1,871,730
Marizyme Base Rent Abatement			($70,500)									
General Vacancy	15.00%	($5.36)	($811,349)	($480,418)	($240,545)	($241,524)	($242,186)	($249,451)	($256,935)	($264,643)	($272,582)	($280,759)
Effective Gross Revenue		$30.39	$654,634	$1,081,521	$1,363,089	$1,368,636	$1,372,385	$1,413,556	$1,455,963	$1,499,642	$1,544,631	$1,590,970
OPERATING EXPENSES		*EXPENSE GROWTH FACTOR:*		*3.00%*								
		STABILIZED PER SF										
Fire Protection		$0.08	$3,500	$3,605	$3,713	$3,825	$3,939	$4,057	$4,179	$4,305	$4,434	$4,567
Elevator		$0.19	$8,000	$8,240	$8,487	$8,742	$9,004	$9,274	$9,552	$9,839	$10,134	$10,438
Landscaping		$0.35	$15,000	$15,450	$15,914	$16,391	$16,883	$17,389	$17,911	$18,448	$19,002	$19,572
Gas		$0.71	$30,000	$30,900	$31,827	$32,782	$33,765	$34,778	$35,822	$36,896	$38,003	$39,143
Electric		$4.73	$200,000	$206,000	$212,180	$218,545	$225,102	$231,855	$238,810	$245,975	$253,354	$260,955
Water & Sewer		$0.24	$10,000	$10,300	$10,609	$10,927	$11,255	$11,593	$11,941	$12,299	$12,668	$13,048
Contract Services		$2.01	$85,000	$87,550	$90,177	$92,882	$95,668	$98,538	$101,494	$104,539	$107,675	$110,906
Repairs & Maintenance		$1.18	$50,000	$51,500	$53,045	$54,636	$56,275	$57,964	$59,703	$61,494	$63,339	$65,239
Insurance		$1.06	$45,000	$46,350	$47,741	$49,173	$50,648	$52,167	$53,732	$55,344	$57,005	$58,715
Real Estate Taxes		$3.90	$180,000	$169,651	$174,740	$179,982	$185,382	$190,943	$196,672	$202,572	$208,649	$214,908
Property Management Fee	4.00%	$1.22	$26,185	$43,261	$54,524	$54,745	$54,895	$56,542	$58,239	$59,986	$61,785	$63,639
TOTAL OPERATING EXPENSES		$15.67	$652,685	$672,807	$702,956	$722,631	$742,817	$765,102	$788,055	$811,696	$836,047	$861,129
NET OPERATING INCOME		*$14.72*	$1,948	$408,715	$660,133	$646,006	$629,568	$648,455	$667,909	$687,946	$708,584	$729,842
ASSET MANAGEMENT FEE	1.00%	$0.30	$6,546	$10,815	$13,631	$13,686	$13,724	$14,136	$14,560	$14,996	$15,446	$15,910
ACCOUNTING COSTS		$0.08	$3,500	$3,605	$3,713	$3,825	$3,939	$4,057	$4,179	$4,305	$4,434	$4,567
LEASING & CAPITAL COSTS		STABILIZED PER SF										
Tenant Improvements & Leasing Costs		$1.75	-	$78,496	$78,496	$78,496	$78,496	$78,496	$78,496	$78,496	$78,496	$78,496
Capital Costs		$0.25	-	-	$11,214	$11,214	$11,214	$11,214	$11,214	$11,214	$11,214	$11,214
TOTAL LEASING & CAPITAL COSTS		$1.75	-	$78,496	$89,710	$89,710	$89,710	$89,710	$89,710	$89,710	$89,710	$89,710
CASH FLOW BEFORE DEBT SERVICE		$7.04	($8,098)	$315,798	$553,079	$542,609	$526,134	$544,609	$563,639	$583,239	$603,428	$624,222

Jupiter Innovation Center
Ten Year Financial Forecast

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
EFFECTIVE GROSS REVENUE	$654,634	$1,081,521	$1,363,069	$1,368,636	$1,372,385	$1,413,556	$1,455,363	$1,499,642	$1,544,631	$1,590,970
TOTAL OPERATING EXPENSES	($652,685)	($672,807)	($702,356)	($722,631)	($742,817)	($765,102)	($788,055)	($811,696)	($836,047)	($861,129)
NET OPERATING INCOME	$1,348	$408,715	$660,133	$646,006	$629,568	$648,455	$667,909	$687,946	$708,584	$729,842
ASSET MANAGEMENT FEE & ACCOUNTING COSTS	($10,046)	($14,420)	($17,344)	($17,511)	($17,663)	($18,193)	($18,739)	($19,301)	($19,880)	($20,476)
TOTAL LEASING & CAPITAL COSTS	-	($78,496)	($89,710)	($89,710)	($89,710)	($89,710)	($89,710)	($89,710)	($89,710)	($89,710)
CASH FLOW BEFORE DEBT SERVICE	($8,698)	$315,798	$553,079	$538,785	$522,195	$540,552	$559,460	$578,935	$598,994	$619,655
DEBT SERVICE										
Interest Payments	-	-	($275,223)	($270,656)	($265,880)	($260,885)	($255,660)	($250,195)	($244,479)	($238,501)
Principal Payments	-	-	($99,395)	($103,961)	($108,737)	($113,732)	($118,957)	($124,422)	($130,138)	($136,116)
TOTAL DEBT PAYMENTS	-	-	($374,617)	($374,617)	($374,617)	($374,617)	($374,617)	($374,617)	($374,617)	($374,617)
Net Profit / (Loss) From Operations	($8,698)	$315,798	$178,462	$164,167	$147,577	$165,934	$184,842	$204,317	$224,377	$245,038

GENERAL METHODOLOGY USED FOR FINANCIAL FORECASTS OF OPERATION OF JUPITER INNOVATION CENTER FOR THE PERIOD FROM JANUARY, 2021 THROUGH DECEMBER, 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 a 10-year period, commencing in July 2021. The annual periods in the forecasts are from January through December. The Forecast Period starts in the month after the projected closing for the Property.

Acquisition: The purchase price for the Property is $5,250,000. The closing date was December 17, 2020.

Leasing Assumptions: Leasing assumptions utilized in the Financial Forecast are as follows:

- Renew and expand tenants with near term lease expiration dates with an understanding that the two existing inherited tenants from previous ownership will likely require a mark down of their rental rates to approximately $22.51 for Expansion Therapeutics and $20.60 for Jackman Reynolds in order to accomplish their renewals. Each renewal will be for a projected 7 year term.
- All tenants pay their pro-rata share of operating expenses.
- $20.00 (first floor lab space) / $15.00 (second floor office space) SF with 3.00% annual increases; 24 to 60 month expected lease terms; $5.00-$10.00 / SF tenant improvement allowance for new lab space; $4.00 to $5.00 / SF / for each year of the lease term for tenant improvement allowance for office space; 1 month of free rent for each year of the lease term.

Financings: The Financial Forecast includes one (1) financing for the Property, consisting of the Permanent Loan in the beginning of the 3rd year of operations. The Loan amount, interest rate and payment term for this loan are projected as follows:

	Loan Amounts	Interest Rates	Payment Terms
Permanent Loan	$6,161,243	4.50% per annum	Principal and interest based on a 30-year schedule

It is projected that the proceeds of the permanent loan will be used to provide a working capital fund of $224,275, to fund an additional reserve, in the amount of $224,275, for tenant improvements and leasing commissions and to pay down Invested Capital by $5,497,050 to $802,950.

Occupancy

Levels: In the Financial Forecast, occupancy levels are projected to be increased from 18.38% to 41.12% during the first year of operation, to 69.24% during the 2nd year of operation and thereafter for the 3rd through 10th years of operations, the occupancy level is projected to be 85.00%. To the extent the occupancy level is projected to exceed 85.00%, the rental income is reduced by such vacancy credit loss factor to create the effective gross rent, based on an occupancy level of 85.00%, which in turn is used to calculate the net cash flow. The average occupancy level, during the 10 year forecast period, starting with the 3rd year of operations, is projected to be 85.00%.

Real Estate Taxes: Property taxes in Florida are paid annually. In Palm Beach County, when the property changes ownership, Florida law requires the property appraiser to remove exemptions and reassess the property, so the assessed value equals the fair market value (most probable sales price in a competitive open market as of January 1 of each year). This takes effect on January 1st after the Property is purchased. Since the 2020 assessment was $6,800,000, nearly 30% more than the purchase price, it is assumed that a successful reduction in the assessment will be achieved. The Financial Forecast utilizes the assumption that the assessment is only reduced to 110% of the purchase price and that it does not become effective until the second year of operation. After 2022, real estate taxes are grown thereafter in the Financial Forecast at three percent (3%) per annum.

General Credit Loss: Under Financial Forecast, up to 15% credit loss factor is taken against the total potential gross income to the extent the occupancy level is projected to exceed 85%.

Property Expenses: Property expenses are increased at 3% per annum.

Management and Asset Management Fees: The Property will be jointly managed by Commercial Florida Realty Services LLC and The Becker Organization for a fee of 4% of collected rents, to be split 3% to Commercial Florida Realty Services LLC and 1% to The Becker Organization. Notwithstanding the above, Commercial Florida Realty Services will receive a minimum of $3,000 per month. The Becker Organization and Time Equities Inc. will provide Asset Management Services for the Property and shall be paid a fee based on 1.5% of the collected rents, to be split 1% to The Becker Organization and .5% to Time Equities Inc. Time Equities Inc's. asset management fee shall be paid solely by the Company from its share of net cash flow.

Leasing and Capital Improvement Reserves: Beginning in year 2, the Financial Forecast includes a reserve to cover leasing commissions and tenant improvements for the 10 year forecast period, which on average for such 9-year period, is $78,496 ($1.75 PSF) per annum.

Beginning in year 3, the Financial Forecast includes an annual reserve for capital improvements of $11,214 ($0.25 PSF).

Each of the above reserve amounts are projected to be funded from operating income.

The Invested Capital includes $400,000 allocated for tenant improvements and leasing commissions.

Net loan proceeds from the mortgage financing, in the projected amount of $224,275, are estimated to be used to increase the reserve for tenant improvements and leasing commissions.

Working Capital Reserve: $224,275 of the net proceeds from the mortgage financing are projected to fund a working capital reserve.

Projected Reduction In Invested Capital: From the projected loan refinancing in beginning of the beginning of 3rd year of operations, the Invested Capital is projected to be reduced from $6,300,000 to approximately $802,950.