

Project Supplement No. 12
(Dated August 21, 2024)
to the Supplement
of TEI Diversified Income & Opportunity Fund VI, LLC,
dated March 1, 2022

This Project Supplement No. 12 (this “**Supplement**”) dated August 21, 2024 modifies and supplements the Confidential Private Placement Memorandum of TEI Diversified Income & Opportunity Fund VI, LLC dated March 1, 2022, and should be read only in conjunction with the Memorandum and the other Supplements Number 1 through 11 previously issued. Terms with initial capitals not otherwise defined in this Supplement have the meanings set forth in the Memorandum.



Supplement

This Project Supplement pertains to the acquisition of 445 Industrial Park Drive, Ridgeway, Virginia (the “**Property**”).

Acquisition and Business Plan

The Property consists of a single-tenant industrial building containing approximately 99,500 rentable square feet (the “**Building**”), set on a 6.8-acre parcel of land, located on the north side of Ridgeway, Virginia. The Building was constructed in multiple phases from 1974 through 2000.

The purchase price for the Property is \$2,350,000 (the “**Purchase Price**”), which reflects a cost of \$23.62 per square foot, and a projected going-in cap rate on the Purchase Price of approximately 7.18% in year 1 of operations. The Contract of Sale to purchase the Property was entered into on May 7, 2024. The closing date for the acquisition of the Property occurred on August 12, 2024 (the “**Closing**”).

The total Invested Capital funded to purchase the Property at Closing was \$2,498,370 (the “**Invested Capital**”). The Fund invested \$624,592.50 of the total Invested Capital equating to a 25.0000% tenant-in-common ownership interest in the Property. The Fund owns such interest by being the sole member of 445 Industrial Equities LLC. The Invested Capital was used to fund the Purchase Price and closing costs which include acquisition fees, working capital, title insurance premiums, legal fees and other due diligence and transaction costs.

The Property was purchased by a tenancy-in-common consisting of 445 Industrial Equities LLC, and 445 Industrial Park Plaza LLC, each a Virginia limited liability company (“**TIC**” or “**445 Industrial TIC**”) (collectively, the “**Owner**”). The managers of each Owner are Francis Greenburger and Robert Kantor (collectively, the “**Managers**”).

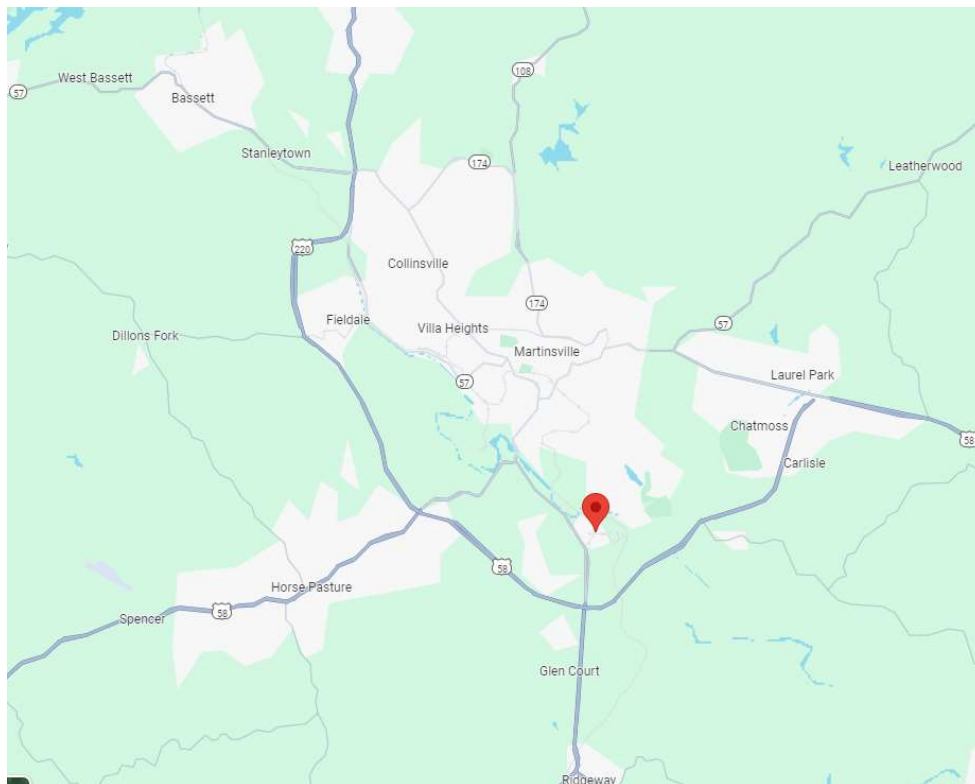
The Property is one hundred percent (100%) occupied by Atlas Roofing Corporation (“**Atlas**”). Atlas is currently paying a base rent of \$2.32 per square foot, with two percent (2.00%) annual increases on a modified net basis. The 445 Industrial TIC, as landlord, shall be responsible for maintaining and repairing the roof and structure of the Building. Additionally, the 445 Industrial TIC, as landlord, shall be responsible for replacing and repairing the heating, air conditioning, ventilation, plumbing wastewater, and/or electrical systems of the Building once the aggregate cost of replacing and/or repairing the foregoing has exceeded Five Thousand and 00/100 Dollars (\$5,000). The Atlas lease commenced in 2012 and expires on July 31, 2028. Atlas has three (3) lease renewal options, each for three (3) years, at a market rate mutually agreed upon by the Owner and Atlas.

The primary business plan is to manage the Property and collect the rent due pursuant to Atlas’ lease, which is believed to be at a below market rate. Upon the expiration of Atlas’ lease, which is approximately forty-eight (48) months after the Closing, the business plan is to renew Atlas’ lease at a rate closer to the then-current market rate. In the event that Atlas does not exercise their renewal right or if Atlas exercises its option to terminate its lease, then the business plan would be to lease the Property to one or more tenants who would be projected to pay rent in excess of what Atlas’ lease provides. The Financial Forecast attached hereto as Exhibit A (the “**Financial Forecast**”), assumes that upon Atlas’ lease expiration date, Atlas will renew their lease at a rental rate of \$2.95 per square foot, with the 2.00% annual increases. The Financial Forecast assumes that all other terms of Atlas’ existing lease will remain the same upon the lease renewal.

445 Industrial Park Drive, Ridgeway, Virginia Building Description:

ADDRESS:	445 Industrial Park Drive, Ridgeway, Virginia 24148
GROSS SQUARE FEET:	99,500
RENTABLE AREA:	99,500
YEAR BUILT:	1974-2000
STRUCTURE:	Steel-framed & Concrete masonry
FOUNDATION:	Concrete slab-on-grade, Spread footings, Shallow foundation system
ROOF:	EPDM, TPO, Standing seam metal
LIGHTING:	Pole-mounted light emitting diode (LED)
HVAC:	Unit heaters, Split systems
ELECTRICAL:	Pole-mounted transformer
CEILING HEIGHT:	19'-23'
LOADING DOCKS:	Eight (8) loading docks and one (1) drive-in garage door.

Regional Description and Property Location:



The Property sits in the City of Ridgeway, in Henry County, and Commonwealth of Virginia. The City of Ridgeway is immediately adjacent to the City of Martinsville and part of the Martinsville Micropolitan Statistical Area. The Property is situated approximately 50 Miles North of Piedmont Triad International Airport, located in Greensboro, North Carolina, and less than one mile away from the Martinsville Speedway. According to the Environmental Systems Research Institute (“ESRI”) as of 2023, there are 63,286 people residing in the Martinsville-Henry County Region. The average household income according to ESRI is \$59,767. The Property is 1.6 miles from U.S. Route 220, providing direct access to both Greensboro, North Carolina approximately 50 miles away, and Roanoke, Virginia approximately 57 miles away. Martinsville offers numerous attractions; the most notable one being the Martinsville Speedway, which is the only track to host the NASCAR Cup series races every year since the divisions’ inception in 1949.

According to CNBC’s July 11, 2024 list of “America’s Top States for Business 2024” (“CNBC’s **Business Report**”), Virginia was ranked as the number one state for business in the United States. According to CNBC’s Business Report, the Commonwealth of Virginia has the nation’s best education system and provides companies room to grow both literally and figuratively.

Existing Tenant of the Property:

Below shows the existing tenant at the Property, Atlas, including the square footage, lease expiration dates and rent per square foot:

<u>Tenant</u>	<u>Square Footage</u>	<u>Lease Expiration</u>	<u>Rent PSF</u>	<u>Lease Type</u>
Atlas Roofing Corporation	99,500	07/31/2028	\$2.32	Modified Net

Description of Existing Tenant and Operations:

Atlas Roofing Corporation

According to the Tenant, Atlas Roofing Corporation is an innovative, customer-oriented provider of asphalt shingles, roof underlayment, rigid expanded polystyrene and polyiso insulation, geofoam, cold chain, protective packaging, lost foam, and cutting-edge coated and paper facers and underlayment for a diverse set of markets. Founded in 1982 and headquartered in Atlanta, Georgia, they have plants and distribution facilities throughout the United States, Canada, and Mexico.

Attached hereto as **Exhibit B** is a Dun & Bradstreet credit evaluation report for the Tenant.

Atlas produces protective packaging and expanded polystyrene (EPS) foam components for a variety of residential, commercial, and industrial applications at the Property. In the event that

Atlas is unable to utilize the Property by law or ceases EPS manufacturing in Virginia, then Atlas may terminate its lease on three hundred sixty (360) days' notice.

Estimated 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

The total Invested Capital for the capitalization of the acquisition of the Property is projected to be **\$2,498,370**.

The estimated uses of Invested Capital are:

Purchase Price	\$2,350,000.00
Legal Fees	\$21,450.00
Due Diligence Costs	\$30,956.53
Acquisitions Fee	\$47,000.00
Working Capital/ Capital Expense Reserve*	\$41,168.47
Title Fees	\$1,375.00
Survey Costs	\$6,420.00
Total Project Costs	\$2,498,370.00

Due Diligence costs include the cost for the property condition and zoning reports, the environmental assessment, travel costs, lease abstract report, a real estate tax analysis, and interest at a rate of approximately 11.50% per annum on the loan provided by an affiliate of the Managers to fund such items and the deposit under the purchase agreement.

Managing Broker Dealer and Selling Commission:

Time Equities Securities LLC (“TES”) is the managing broker dealer for this Offering. The Invested Capital includes selling commissions in the amount of \$0.00, as the selling commissions are waived.

Financial Forecast:

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

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

PROJECTED RETURNS AT THE PROPERTY LEVEL

The following are the projected Property unleveraged returns on Invested Capital for years 1-10:

Returns on Invested Capital	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	6.75%	6.89%	7.03%	7.17%	8.65%	8.82%	9.00%	9.18%	9.37%	9.56%

The Financial Forecast for the Property projects an average annual return over 10 years from net cash flow at **8.24%**.

As noted above, returns are at the Property level and do not reflect the fees to be paid to the Managers as set forth in the Fee Agreement (described below) and/or the distribution formula for cash available for distribution pursuant to the terms of limited liability companies that acquire an interest in the Property or by the entities that become owners of the Property upon any subsequent roll up of the 445 Industrial TIC into one entity, as described below.

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

The Financial Forecasts are provided only for the purpose of illustrating how the Property might perform provided all 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.

Permanent Mortgage Financing

The Financial Forecast includes a projected financing in the beginning of the 5th year of operations to obtain permanent financing in the projected amount of \$2,183,368, based on an estimated loan to value ratio of 60.00% assuming valuation of the Property at a 7.00% cap rate based on the year 6 net operating income. The Financial Forecast assumes that such loan proceeds will be used to pay for closing costs fund capital reserves, tenant improvements, and leasing commissions in the amount of \$473,646 and to distribute \$1,709,722 to Investors to reduce Invested Capital to \$788,648.

Below is a schedule of the projected estimated amount of Invested Capital in the 445 Industrial TIC over the 10-year Financial Forecast.

Year	Invested Capital	Return of Invested Capital	Total Remaining Invested Capital
Years 1 – 5	\$2,498,370	\$0	\$2,498,370
Years 5 – 10	2,498,370	\$1,709,722 In Year 5	\$788,648

The projected terms of the permanent mortgage loan are as follows:

Loan Amount:	\$2,183,368
Loan to Value Ratio:	60.00%
Interest Rate:	6.00% per annum
Interest Only Period:	72 Months
Monthly Payments:	Interest and amortization based on a 30-year schedule but interest only payments for 72 months
Term:	10 Years
Closing Costs:	\$48,646
Projected Use of Net Loan Proceeds:	Net Loan proceeds are projected to be used to fund capital reserve the amount of \$425,000 and to distribute \$1,709,722 to Investors to reduce Invested Capital to \$788,648.

No Guaranty as to the Mortgage Financings

There is no guaranty as to the ability of the 445 Industrial TIC to obtain the mortgage loan as projected in the Financial Forecast, including the interest rate. Any change in the loan amount, interest rate and/or terms of any such loan could have a material impact on the distributions to be made to Investors, either positively or negatively.

Projected Reductions in Invested Capital

The total Invested Capital of \$2,498,370 is estimated to be reduced from the projected permanent financing to \$788,648. Returns, starting in the 5th year of operations, are calculated utilizing the estimated reduced Invested Capital of \$788,648. There is no guaranty as to whether or not the 445 Industrial TIC will be able to obtain sufficient loan proceeds resulting in such projected reductions in Invested Capital.

Additional Reserve for Capital Improvements, Tenant Improvements and Leasing Commissions

The Financial Forecast includes an annual capital reserve of \$24,875 (\$0.25 PSF) with 2.00% annual increases in years 1 to 10. In addition, the Financial Forecast projects average annual reserves for tenant improvements during years 1-10 in the amount of \$4,726 (\$0.05 per occupied square foot) and average annual reserves for leasing commissions averaging \$6,718 (\$0.067 per occupied square foot) in years 1-10. The aggregate amount of such annual reserves in years 1-10 is approximately \$35,231. Such reserves are projected to be funded from the operating income.

Working Capital

The Financial Forecast includes an initial working capital reserve of \$41,168 to be funded from Invested Capital. It is anticipated such working capital reserve will be used to pay for any additional costs for the first year planned capital expenses or other unbudgeted operating expenses, capital improvements, tenant improvements and other leasing costs.

Management of the Property

Time Equities, Inc. will be the asset and property manager for a fee equal to 2.50% of total revenue collections.

Property Condition Report

A Property Condition Report (“PCR”) for Property was completed by TRC Companies, Inc. (“TRC”) in October 2023. In the PCR, TRC indicated that the Property was in good overall condition.

A copy of the Executive Summary from TRC’s PCR is attached hereto as **Exhibit C**, which sets forth a projected replacement reserve schedule for immediate repairs of \$6,000 as well as a 10-year replacement reserve period, in the estimated amount of \$717,800 (on an uninflated basis). Such improvements may be funded from a combination of the sources as set forth below:

POTENTIAL FUNDING SOURCES OF FUNDS FOR CAPITAL IMPROVEMENTS

• Working Capital	\$41,168
• Capital Reserve from Permanent Mortgage Loan	\$ 425,000
• Replacement Reserves from Operating Income (based on 10 years)	\$272,374
TOTAL	\$738,542

Environmental Condition

A Phase 1 Environmental Site Assessment (“**Phase-1**”) was prepared for the Property by Terra Environmental Corporation (“**Terra**”) for the Property in June 2024. This Phase-1 revealed no evidence of recognized environmental conditions. In the Phase-1, Terra recommended that no further investigation is required to be undertaken. A copy of the Executive Summary from Terra’s Phase-1 is attached hereto as **Exhibit D**.

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 or Co-Owner in which an Investor will become a Member or the sole Member as to those Investors who want to use their investment to undertake a 1031 or 1033 like kind exchange; (ii) “**Member**” or “**Members**” shall mean the Member(s) in a Company or a Co-Owner; (iii) “**Membership Interests**” shall mean the Membership Interests to be acquired by an Investor in a Company, which may include a sole membership interest for those Investors looking to use this Property to complete a 1031 or 1033 like kind exchange; (iv) “**Rollup Entity**” shall mean the limited liability company to which the 445 Industrial TIC is ultimately rolled up into as the owner of the Property; and (v) any reference to the 445 Industrial TIC or the Co-Owners shall mean the Rollup Entity after the roll up of the 445 Industrial TIC into the Rollup Entity. Prospective Investors should carefully consider the following additional risk factors:

- 1) **Variances from the Financial Forecast.** The Financial Forecast presents the Managers’ estimate of the expected operating results of the Property for the 10-year forecast periods. The Financial Forecast is based upon assumptions as to future events and conditions which the Managers believes to be reasonable, but which are inherently uncertain and unpredictable. The assumptions may prove to be incomplete or incorrect and unanticipated events and circumstances may occur. Because of these uncertainties and the other risks outlined in this Memorandum, the actual results of the Property can be expected to be different than those projected, and the differences may be material and adverse. Potential Investors should consider the projections considering the underlying assumptions to reach their own conclusions as to the reasonableness of those assumptions and to evaluate the projections on the basis of that analysis. Neither the Managers, the Co-Owners, nor their attorneys or accountants make any representation or warranty as to the accuracy or completeness of the projections in the Financial Forecast or their underlying assumptions. **DUE TO THE LASTING IMPACT OF COVID-19 AND/OR A DETERIORATION IN ECONOMIC CONDITIONS, DEMAND COULD BE GREATLY REDUCED AND PROJECTED RETURNS COULD BE NEGATIVELY IMPACTED CAUSING A LOSS OF INVESTED CAPITAL.**
- 2) **Projected Cash Flow.** Any projected cash flow or forward-looking statements included in this Private Investment Memorandum and all other materials or documents supplied by the Managers should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Private Investment Memorandum. The assumptions and facts upon which such projections are based are subject to variations that may arise as future events 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 Private Investment Memorandum contains forward-looking statements that involve risks and uncertainties. The Property’s actual results may differ significantly from the results anticipated or discussed in the forward-looking statements. Prospective Investors are advised to consult with their tax, financial and business advisors concerning the validity and reasonableness of any assumptions. Neither the Managers nor any other person or entity makes any representation or warranty as to the future profitability of the 445 Industrial TIC and/or any Investor’s investment in the Company.

3) **Mortgage Risk.**

The Financial Forecast includes a permanent mortgage loan which is projected to take place in Year 5 of operations. The interest rate for the Loan is estimated at 6.00% per annum. The actual rate has not yet been fixed and may be higher or lower than this estimated interest rate. The debt service payments are projected to consist of interest and principal payments based on a thirty (30) year amortization schedule with an initial seventy-two (72) month interest only period. Such annual debt payments are estimated to be \$131,002. Loan proceeds are projected to be used to fund a \$425,000 working capital reserve and the remainder of the loan proceeds are projected to reduce Invested Capital to \$788,648. There is no guaranty as to the amount and terms of such refinancing. Any change in the actual valuation of the Property, the loan amount, interest rate, amortization schedule or other 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. Negative impacts could reduce projected returns and cause a loss of Invested Capital.

4) **Risk as to Capital Improvements and Repairs.**

The PCR Report estimated repairs or improvements that would be required for the Property over a 10-year period in the amount of \$717,800. The potential estimated sources for funding of such capital improvements, over a 10-year period, consists of the following:

• Working Capital	\$41,168
• Capital Reserve from Permanent Mortgage Loan	\$425,000
• Replacement Reserves from Operating Income	\$272,374
TOTAL	\$738,542

The actual cost of capital improvements during such 10-year period, could vary greatly from the amounts set forth above and such variations could either positively or negatively impact returns to Investors.

5) **Risks Regarding Not Funding a Capital Call.** In the event that net cash flow and reserves are unavailable or insufficient to adequately cover capital requirements, leasing costs, and/or other unbudgeted operating expenses a capital call may be requested by the Managers to the Members to fund any such deficiency, on a pro rata basis, based upon their respective ownership interests in the Property.

6) **Risk as to Cash Sweep if the Projected Financing is a CMBS Loan.** To the extent the permanent loan in the 5th year of operations is a commercial mortgage back securities (“CMBS”) 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 1.50x, but could be higher) (“**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 445 Industrial 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 445 Industrial 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.

- 7) **Risk as to Lease Rollovers.** Within the next ten (10) years 100% of the existing leases come to an end. The Financial Forecast assumes that upon expiration of the current leases, tenants will either renew their lease or the vacant space will be leased at an assumed market rate of \$2.25 per square foot net. If the Property is vacant for longer periods of than projected and/or future rental rates are less than projected, the actual returns could be significantly less than projected and cause a loss of Invested Capital.
- 8) **Risk as to Occupancy Levels.** In the Financial Forecast it is assumed that the average economic occupancy level, during years 1 to 5 is projected to be 97.50% and 95.00% from years 6 to 10. 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.

DUE TO A DETERIORATION IN ECONOMIC CONDITIONS, DEMAND COULD BE GREATLY REDUCED AND PROJECTED RETURNS COULD BE NEGATIVELY IMPACTED CAUSING A LOSS OF INVESTED CAPITAL.

- 9) **Leasing Risks.** There are many leasing risks to consider in operating the Property which could adversely affect the performance of the Property. Some of these leasing risks, include but are not limited to, tenants may not renew their leases as anticipated, tenants may experience economic difficulties, which may necessitate a reduction or deferral in rent or a reduction of their space to retain any such tenant, a tenant may file for bankruptcy and reject their lease, it may take long to release space or to lease vacant space than projected and the 445 Industrial 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 these leasing risks could ultimately affect the cash available for distribution to Investors. In addition, due to the lasting impacts of COVID-19, demand for space in the future could be greatly reduced. In such a case it may be impossible to maintain or grow occupancy rates and returns to investors would be much lower than set forth in the Financial Forecast.
- 10) **COVID-19 Risk.** To the extent the COVID-19 pandemic persists and continues and/or another Pandemic occurs, such 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 future 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 or maintain cash flow levels. The Managers will attempt to account for the current weakness of the economy created by COVID-19 and the possibility of future pandemics, but there is no guaranty as to the success or accuracy of such investment strategy. Right now although the COVID-19 Pandemic has officially ended according to the U.S Federal Government, it is almost impossible to accurately predict the long-term economic impact that it will have on the Property.

- 11) **Difficulty Attracting New Tenants.** There can be no assurance that the Company will be able to maintain the occupancy level as projected in the Financial Forecast. In addition, it may be necessary to make substantial concessions, in terms of rent and lease incentives, and to construct tenant improvements to attract new tenants at the Property. If these expenditures and concessions are necessary to maintain or achieve lease-up at the Property and such expenditures exceed projections and/or the amount of reserves for the Property, (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. In addition, due to lasting impacts of COVID-19, demand for space in the future could be greatly reduced. In such a case it may be impossible to attract new tenants and returns to investors would be much lower than set forth in the Financial Forecast.
- 12) **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 445 Industrial 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 445 Industrial TIC, amenities within leased space, the quality of the surrounding area and a variety of other factors. The success of the 445 Industrial TIC will depend to a large degree upon its ability to compete with other similar industrial properties, which in turn depends upon its ability to be competitive as to the foregoing factors. The failure of the 445 Industrial TIC to establish and maintain a favorable market position could have a material adverse effect on its profitability.
- 13) **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.

- 14) **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. Inflationary pressures could increase operating expenses above expected levels, thereby decreasing profitability to the extent rents cannot be raised by corresponding amounts.
- 15) **Uninsured Losses.** The 445 Industrial 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 445 Industrial TIC may lose all or part of its investment. The 445 Industrial 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.
- 16) **Risk as to Management of the Property.** Prior to the roll up of the 445 Industrial TIC, the Investors who become the sole member of a Company, shall have certain approval rights as to the management and operation of the Property as outlined in this Memorandum (for example, approval rights as the sale and/or financing for the Property, approval rights as to any Major Lease (other than a Preapproved Major Lease) and approval rights as to the replacement of the managing agent and/or asset manager for the Property). Notwithstanding the above, any Investor who becomes a member for a multi-member company, who is not purchasing their investment to implement a 1031 tax free exchange, does not have the same approval rights as a sole member of a Company, who is purchasing their investment to take advantage of tax deferral pursuant to Code Section 1031 or 1033 do not have the same approval rights as a sole member of a Co-Owner who is purchasing their investment to implement a 1031 or 1033 transaction. Such additional approval rights are granted to a 1031 or 1033 investor prior to the roll up of the 445 Industrial TIC since they may be required to insure that their purchase would qualify as an interest in the real property as opposed to a purchase of a partnership or membership interest. Once the Property is rolled up into the Rollup Entity, the sole member of a Co-Owner will no longer have such approval rights. After the roll up of the 445 Industrial TIC, the Managers shall have board discretion over the operation and management of the Property and the Members of the Rollup Entity, who were previously the sole Member of a Co-Owner, will no longer be able to participate in the conduct and/or business operations of such Rollup Entity and/or the Property in the same manner as they did prior to the rollup.
- 17) **Risks as to Conflicts of Interest.** There are various conflicts of interest that may occur between the Managers and/or Time Equities, Inc. (“TEI”) as the asset manager for the Property and the 445 Industrial TIC and their respective companies and/or Members

comprising the 445 Industrial 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 and/or TEI may encounter conflicts of interest in allocating management time, services and functions between the 445 Industrial 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, 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 445 Industrial TIC and the Members of companies comprising the 445 Industrial 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 445 Industrial TIC. Accordingly, there may be conflicts of interest on the part of the Managers and their Affiliates (including TEI) between the 445 Industrial TIC and other entities and real estate investments or properties which they are involved.

c. Conflict as to a Bridge Loan Lender

If a bridge loan is needed, the likely lender for the bridge loan will be Time Equities Associates LLC, which is owned by Francis Greenburger. To the extent there is not sufficient net operating income to pay debt service, or the refinancing delays the payoff of the Bridge Loan beyond its maturity date, there could be a conflict between Francis Greenburger's (or TEI LLC's) position as one of the Managers and his position as a lender to the Co-Owners. Also, potential conflicts of interest could arise if Time Equities Associates LLC decides to enforce the Bridge Loan due to the default of the Co-Owners as the borrower under the loan. Such enforcement proceedings could include the foreclosure of the first mortgage as collateral for this Loan.

d. Partnership Representative

Pursuant to the operating agreement for each Co-Owner or the Rolled-Up 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.

e. Lack of Separate Representation

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

f. 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.

g. Financing and/or Sale of the Property

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

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

A conflict of interest could arise between the Members that wish to sell the Property and the Members that do not desire to sell the Property or if the Managers have a

contrary desire as to the sale of the Property from those maintained by a member. In any event, once the Property is 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 445 Industrial TIC, where the Managers may desire to undertake a 1031 or 1033 like kind exchange and invest net sale proceeds in the acquisition of a replacement Property and certain of the Members alternatively may not want to use the net proceeds from the sale of the Property to implement a 1031 or 1033 like kind exchange or do not want to use such net sales proceeds for the replacement Property selected by the Managers.

h. Conflicts as to Obligations under Loan Documents (including those between a Guarantor and the Members of the Co-Owners or the Rollup Entity)

There may be occasions where some of the Members may wish the Managers (as a guarantor or otherwise) to take certain actions that might be in the best interests of the 445 Industrial 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 445 Industrial TIC violate a condition of a loan agreement that would be advantageous to the 445 Industrial 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 445 Industrial TIC. Due to the fact that such actions, while potentially favorable to the Members or the 445 Industrial TIC, might be personally detrimental to a Manager, the following provisions shall be included in the operating agreement for each company comprising the 445 Industrial TIC 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 445 Industrial TIC or the Rollup Entity and the administration of the loans and/or other obligations of the 445 Industrial TIC 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 445 Industrial TIC 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 445 Industrial TIC's 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 445 Industrial 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 445 Industrial TIC's or Rollup Entity's interest in

some or all of its assets. Such actions may include transferring the Property to a lender in lieu of foreclosure.

i. 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 445 Industrial TIC's and the Rolled-Up Entity, which duty will govern their actions in all such matters. While the foregoing conflicts of interest could materially and adversely affect the 445 Industrial TIC's or the Rolled-Up 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.

- 18) **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 445 Industrial TIC and the Company cannot guaranty that hazardous substances and/or wastes will not be discovered on the Property during the 445 Industrial TIC's 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 445 Industrial TIC may be required to remove those hazardous substances and clean up the Property, and the 445 Industrial TIC, may incur full recourse liability for the entire cost of any such removal and cleanup. The 445 Industrial TIC cannot guaranty that the cost of any such removal and cleanup would not exceed the value of the Property or that the 445 Industrial TIC could recoup any such costs from a third party. The 445 Industrial 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 and except as otherwise disclosed in this Memorandum and/or environmental reports, the Managers are not aware of and have not received any written notice from any governmental authority pertaining to any required cleanup or remediation of hazardous substances and wastes at the Property, but there is no guaranty of such result. The Financial Forecasts for the Property does not contain any expenses for any such environmental cleanup of hazardous substances and wastes. To the extent this would be required, such additional costs could affect or reduce distributions to Investors.
- 19) **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.

- 20) **Compliance with the Americans with Disabilities Act.** Under the Americans with Disabilities Act of 1990 (the “ADA”), public accommodations must meet certain federal requirements related to access and use by disabled persons. Facilities initially occupied after January 26, 1992 must comply with the ADA. When a building is being renovated, the area renovated, and the path of travel accessing the renovated area, must comply with the ADA. Further, owners of buildings occupied prior to January 26, 1992 must expend *reasonable* sums, and must make *reasonable efforts*, to make practicable or readily achievable modifications to remove barriers, unless the modification would create an undue burden. This means that so long as owners are financially able, they have an ongoing duty to make their property accessible. The definitions of “**reasonable**”, “**reasonable efforts**”, “**practicable**” or “**readily achievable**” are site-dependent and vary based on the owner’s financial status. The ADA requirements could require removal of access barriers at significant cost, and could result in the imposition of fines by the federal government or an award of damages to private litigants. Attorneys’ fees may be awarded to a plaintiff claiming ADA violations. State and federal laws in this area are constantly evolving, and could evolve to place a greater cost or burden on the 445 Industrial 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.
- 21) **1031 or 1033 like Kind Exchange Risk.** Neither the Co-Owners, nor the Managers make any representation and/or warranty as to the ability of any Investor to qualify their acquisition of a sole membership interest in a tenant in common owner for tax deferral pursuant to Code Sections 1031 or 1033. Also, the Managers do not make any representation and/or warranty that the tenancy in common structure for tenant in common purchasers shall be treated as an interest in real property (and not as an interest in a partnership) for federal income tax purposes in connection with the application of Sections 1031 or 1033. There is no guaranty as to the actual closing date and to whether or not the Closing will occur in a timely matter to accommodate any 1031 Investor’s time period to either designate the Property as a replacement Property or to complete the actual closing to qualify this acquisition for tax deferral. Any such Investor, who is making an investment in order to qualify for tax deferral pursuant to Sections 1031 or 1033, should check with their attorneys, investment advisors, accountants and/or qualified intermediary as to whether or not their investment and the structure for their investment in the Property would

qualify, in whole or part, as a like-kind exchange. To the extent such investment does not so qualify and/or the tenancy in common structure for the tenant in common purchasers would not be treated as an interest in real property (but instead as an interest in a partnership) for purposes of Section 1031 or 1033 of the Code, then neither the Co-Owners, nor the Managers shall have any liability and/or obligation to such Investor as to any such non-compliance and any income tax penalty that may be imposed on any such Investor.

- 22) **No Market for Membership Interests.** It is not anticipated that any public market will exist for the Membership Interests, and the operating agreement will impose certain restrictions on the transfer of Membership Interests (other than to an immediate family member, an entity controlled by a Member, or the beneficiary of the estate of Member, upon the death of a Member) which may have the effect of ensuring that a market will not develop. Therefore, holders of the Membership Interests may not be able to sell their Membership Interests should a need for personal funds arise, and the price received in any sale of Membership Interests may be less than the value of the Membership Interests sold. In addition to the above risks, an Investor must bear the economic risk of their investment for an unspecified period of time.
- 23) **Limited Assignability.** Each subscriber will be required to represent that the purchase of their Membership Interests in a Co-Owner will be for investment purposes only and not with a view towards the resale or distribution thereof. Membership Interests may not be assigned without the consent of the Managers, and without compliance with the right of first refusal to be contained in the operating agreement for the Co-Owners and the Rollup Entity. Furthermore, an Investor may not pledge, or grant a security interest in their Membership Interests. Under the Operating Agreement, an assignment of Membership Interests shall not be permitted if that assignment (i) would cause a Co-Owner or the Rollup Entity to terminate for Federal income tax purposes; (ii) would violate certain restrictions on assignment now or hereafter imposed under the Operating Agreement to preserve the status the Co-Owners or the Rollup Entity as a partnership for Federal income tax purposes, or (iii) would violate Federal or state securities laws. No assignee may be admitted as a substituted Member without the consent of the Managers. In addition, a Member shall have no right to withdraw any part of their capital contributions to the Co-Owners or the Rollup Entity. There are likely to be substantial adverse Federal income tax consequences in connection with the assignment of Membership Interests, and holders of the Membership Interests are advised to consult with their tax advisors prior to any such assignment. Also, in certain states, assignees of Membership Interests may be required to meet certain suitability requirements.
- 24) **Liability of Members/Risk as to Return of Distributions.** In general, Members of the Co-Owners or the Rollup Entity may be liable for the return of a distribution to the extent that the Member knew at the time of the distribution that after such distribution, the remaining assets of the Co-Owners or the Rollup Entity would be insufficient to pay their outstanding liabilities of the Co-Owners (exclusive of liabilities to Members on account of their limited liability company interests and liabilities for which the recourse of creditors is limited to specified property of a limited liability company). Otherwise, Members are

generally not liable for the debts and obligations of the Co-Owners or the Rollup Entity beyond the amount of the capital contributions they have made or are required to make under the operating agreement.

- 25) **Limitation of Liability/Indemnification of the Managers.** The Managers and its attorneys, agents and employees may not be liable to the Co-Owners, the Rollup Entity or their Members for errors of judgment or other acts or omissions not constituting fraud, gross negligence, or willful misconduct as a result of certain indemnification provisions in the operating agreement. A successful claim for such indemnification would deplete the 445 Industrial TIC's and/or the Rollup Entity's assets by the amount paid.
- 26) **Offering Not Registered with the US Securities and Exchange Commission ("SEC") or State Securities Authorities.** This offering will not be registered with the SEC under the Securities Act of 1933 as amended (the "**Securities Act**") or the securities agency of any state, and is being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to investors meeting the suitability requirements set forth herein.
- 27) **Private Offering – Lack of Agency Review.** Because this offering is a nonpublic offering and, as such, is not registered under federal or state securities laws, Investors will not have the benefit of a review of the offering or this Memorandum by the SEC or any state securities commission. The terms and conditions of the offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with the SEC or any state securities commission.
- 28) **Private Offering Exemption – Compliance with Requirements.** The Membership Interests are being offered to, and will be sold to, Investors in reliance upon a private offering exemption from registration provided in the Securities Act. If the Co-Owners should fail to comply with the requirements of such exemption, the Members would have the right to rescind their purchase of their Membership Interests if they so desired. It is possible that one or more Members seeking rescission would succeed. This might also occur under applicable state securities or "**blue sky**" laws and regulations in states where the Membership Interests will be offered without registration or qualification pursuant to a private offering or other exemption. If a number of Members were successful in seeking rescission, the Co-Owners and the Managers would face severe financial demands that would adversely affect the Co-Owners as a whole and, thus, the investment in the Membership Interests by the remaining Members.
- 29) **Private Offering Exemption – Limited Information.** Because the offering of the Membership Interests is a nonpublic offering, certain information that would be required if the Offering were not so limited has not been included in this Private Investment Memorandum, including, but not limited to, financial statements and prior performance tables. Thus, Investors will not have this information available to review when deciding whether to invest in Membership Interests.
- 30) **General Tax Risks.** There are substantial risks associated with the federal income tax aspects of an investment in the 445 Industrial TIC. In addition to continuing IRS

reexamination of the tax treatment of partnerships, the income tax consequences of an investment in the 445 Industrial TIC are complex, and recent tax legislation has made substantial revisions to the Code. Many of these changes, including changes in the taxation of limited liability companies and their members, affect the tax benefits generally associated with an investment in a limited liability company. Because the tax aspects of this offering are complex, and certain of the tax consequences may differ depending on individual tax circumstances, each Investor is urged to consult with and rely on his or her own tax advisor concerning this offering's tax aspect and his or her individual situation. **No representation or warranty of any kind is made with respect to the IRS's acceptance of the treatment of any item by the Company or by an Investor.**

- 31) **Changes in Tax Laws.** The discussions of the federal income tax aspects of this offering are based on current law, including the Internal Revenue Code of 1986, as amended, the regulations issued thereunder, certain administrative interpretations thereof and court decisions. Consequently, future events (including those arising from expiration of current tax laws, legislative and administrative proposals that could occur and/or are or in the future may be under consideration) that modify or otherwise affect those provisions may result in treatment for federal income tax purposes of the Co-Owners and the Members that are materially and adversely different from that described in this Memorandum, both for taxable years arising before and after such events. Neither the Co-Owners nor the Managers can guaranty that future legislation and administrative interpretations will not be retroactive in effect.
- 32) **Risks regarding the Distribution of the IRS Schedule K-1 Tax Form.** Although the Managers will make every effort to complete and distribute to Investors their individual K-1 tax forms in a timely manner, there is no guarantee that in each tax year these forms can or will be completed in time for the investors to file their taxes on or prior to the general April 15 tax deadline. In the event that such K-1s are not completed in a timely manner prior to the April 15th tax deadline, it is possible that investors may have to file an extension to complete their tax returns.

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

**GENERAL METHODOLOGY USED FOR FINANCIAL FORECAST
OF OPERATION OF 445 INDUSTRIAL PARK
FOR THE PERIOD FROM
SEPTEMBER 1, 2024, THROUGH AUGUST 31, 2034**

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

Forecast Periods: Operations are projected for a ten (10) year period, commencing on September 1, 2024. The annual periods in the forecasts are from September through August.

Acquisition: The Property is anticipated to be purchased for a total first year project cost of \$2,498,370. The purchase price is \$2,350,000. The closing date is expected to be on or about August 12, 2024.

Invested Capital: The total Invested Capital is \$2,498,370 and will be funded at closing.

Year 5 Financing: The Financial Forecast anticipates obtaining permanent financing in Year 5 of operation and is estimated to be \$2,183,368. The interest rate for this loan is projected to be 6.00% per annum. The loan-to-value is projected to be 60.00%, based on an estimated value cap of 7.00% on the year 5 Net Operating Income of \$254,726. Proceeds from the permanent financing are projected to fund a further contribution to the working capital reserve in the amount of \$425,000. The remaining available net loan proceeds are projected to be utilized to reduce Invested Capital to \$788,648.

Income: The Property is currently 100% occupied by 1 tenant. The rent from the tenant is projected in the first year of operation to generate a net operating income, before reserves, of approximately \$204,249 in the first year of operation.

Real Estate Taxes: The Property is currently assessed at \$2,449,800 resulting in an annual real estate tax bill of \$13,596. The Property is being purchased for \$2,350,000 which is below the assessed value. Ryan LLC, a property tax consultant, was retained to provide a Property Tax Due Diligence Acquisition Report. In this report, Ryan LLC projects a best case, most probable case, and worst-case scenario for future real estate taxes. The most probable case results in the 2025 real estate taxes for the Property assessed value will increase to \$2,512,200 resulting in an annual real estate tax bill of \$14,013. The

actual amount of taxes could be higher than Ryan LLC projects in its” Most Likely” case scenario. The tax report is attached as Exhibit E.

Occupancy:

The going-in physical occupancy rate after closing is 100%, the Financial Forecast assumes a 2.50% general vacancy from years 1 to 5 and a 5.00% general vacancy from years 6 to 10.

**Management and
Asset Management
Fees:**

Time Equities, Inc. will be paid a 2.5% property and asset management fee.

**Market Leasing
Assumptions:**

New lease or lease renewal is projected to be signed at \$2.95 per square foot. Atlas Roofing Corporation is expected to renew their lease in Year 4, then again at Year 7 at market rate with 2% annual rent bumps.

EXHIBIT A

FINANCIAL FORECAST

Property Description		Acquisition Metrics	
Property Name	Atlas Roofing company	Metric	Purchase Price TPC
Address	445 Industrial Park	\$/SF	\$23.62 \$25.11
Location	Martinsville, VA		
Asset Type	Industrial		
Square Footage	99,500		
Year Built			
Current Occupancy	100.00%		
Sources & Uses		Closing Costs	
Uses	Value		
Purchase Price	\$2,350,000	Legal Fees	\$21,450
Closing Costs	\$148,370	DD Costs	\$30,957
CapEx Budget	\$0	Acquisition Fee	2.00% \$47,000
TI/LC Budget - Capital Call	\$0	Working Capital	\$41,168
Total Unlevered Uses	\$2,498,370	Title Fees	\$1,375
		Survey Costs	0.00% \$6,420
Financing Costs	\$0	Transfer Tax	0.00% \$0
Total Levered Uses	\$2,498,370	Total Closing Costs	\$148,370
Sources	Value		
Debt (0.0%)	\$0		
Equity (100.0%)	\$2,498,370		
Total Sources	\$2,498,370		

Refinance Loan		
Refinance?		yes
Timing		Year 5
Value Cap	\$37 /SF	7.00%
Est. Value		\$3,638,947
LTV		60.0%
Loan Amount		\$2,183,368
I.O. Term		72 Month(s)
Amortization		30 Year(s)
Interest Rate		6.00%
Mortgage Fee	0.625%	\$13,646
Lender Legal & Misc.		\$35,000
Capital Holdback		\$425,000
Total Refinancing Costs		\$473,646
Net Refi Loan Proceeds		\$1,709,722
Equity After Refi		\$788,648
Proceeds After Equity Pay-down		\$0

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$/SF	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Average Physical Occupancy		100%	100%	100%	100%	50%	100%	100%	100%	100%	100%
		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Operating Income	Yr-1	\$2.32	\$2.37	\$2.42	\$2.46	\$2.95	\$3.01	\$3.07	\$3.13	\$3.19	\$3.26
Scheduled Base Rent	\$2.32	\$230,969	\$235,588	\$240,300	\$245,106	\$293,525	\$299,396	\$305,383	\$311,491	\$317,721	\$324,075
Total Expense Recoveries	\$0.00										
Total Operating Income	\$2.32	\$230,969	\$235,588	\$240,300	\$245,106	\$293,525	\$299,396	\$305,383	\$311,491	\$317,721	\$324,075
General Vacancy Reduction Yr 1-5	2.5%	(\$5,774)	(\$5,890)	(\$6,007)	(\$6,128)	-					
General Vacancy Reduction Yr 6-10	5.0%					(\$14,676)	(\$14,970)	(\$15,269)	(\$15,575)	(\$15,886)	(\$16,204)
Effective Gross Income	\$2.30	\$225,195	\$229,698	\$234,292	\$238,978	\$278,849	\$284,426	\$290,114	\$295,917	\$301,835	\$307,872
Operating Expenses											
Repair and Maintenance	\$0.05	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
Insurance	\$0.07	\$6,818	\$7,023	\$7,233	\$7,450	\$7,674	\$7,904	\$8,141	\$8,385	\$8,637	\$8,896
Total Operating Income	\$0.12	\$11,818	\$12,173	\$12,538	\$12,914	\$13,301	\$13,700	\$14,111	\$14,535	\$14,971	\$15,420
Non Reimbursable Expenses											
TEI Asset Mgt Fee (2.50%)	\$0.06	\$5,630	\$5,742	\$5,857	\$5,974	\$6,971	\$7,111	\$7,253	\$7,398	\$7,546	\$7,697
TEI Travel/Misc	\$0.01	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350
TEI Partnership Fee	\$0.03	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Total Non Reimbursable Expenses	\$0.07	\$9,480	\$9,592	\$9,707	\$9,824	\$10,821	\$10,961	\$11,103	\$11,248	\$11,396	\$11,547
Total Operating Expenses	\$0.21	\$21,298	\$21,765	\$22,245	\$22,738	\$24,122	\$24,661	\$25,214	\$25,783	\$26,367	\$26,967
Net Operating Income	\$2.05	\$203,897	\$207,933	\$212,047	\$216,240	\$254,726	\$259,765	\$264,900	\$270,134	\$275,468	\$280,905
Broker Cap Rate		9.08%	9.26%	9.44%	9.62%	11.30%	11.52%	11.74%	11.97%	12.21%	12.44%
Cap Rate on Purchase Price		8.68%	8.85%	9.02%	9.20%	10.84%	11.05%	11.27%	11.50%	11.72%	11.95%
Cap Rate on TPC		8.16%	8.32%	8.49%	8.66%	10.20%	10.40%	10.60%	10.81%	11.03%	11.24%
Leasing & Capital Costs	10-Yr Avg										
Tenant Improvements (Total SF)	\$0.05	\$4,726	\$4,726	\$4,726	\$4,726	\$4,726	\$4,726	\$4,726	\$4,726	\$4,726	\$4,726
Leasing Commissions (Total SF)	0.025%	\$5,630	\$5,742	\$5,857	\$5,974	\$6,971	\$7,111	\$7,253	\$7,398	\$7,546	\$7,697
Capital Reserves (Total SF)	\$0.25	\$24,875	\$25,373	\$25,880	\$26,398	\$26,925	\$27,464	\$28,013	\$28,574	\$29,145	\$29,728
Total Leasing & Capital Costs	\$0.35	\$35,231	\$35,841	\$36,464	\$37,098	\$38,623	\$39,301	\$39,992	\$40,698	\$41,417	\$42,151
Net Cash Flow		\$168,666	\$172,092	\$175,584	\$179,142	\$216,103	\$220,464	\$224,908	\$229,436	\$234,051	\$238,754
Capital Call		-	-	-	-	-	-	-	-	-	-
Unlevered Equity		\$2,498,370	\$2,498,370	\$2,498,370	\$2,498,370	\$2,498,370	\$2,498,370	\$2,498,370	\$2,498,370	\$2,498,370	\$2,498,370
Cash Flow After Debt Service		\$168,666	\$172,092	\$175,584	\$179,142	\$85,101	\$89,462	\$93,906	\$98,434	\$103,049	\$107,752
	7.18%										
Levered Equity		\$2,498,370	\$2,498,370	\$2,498,370	\$2,498,370.00	\$788,648	\$788,648	\$788,648	\$788,648	\$788,648	\$788,648
ROE: Levered		6.75%	6.89%	7.03%	7.17%	10.79%	11.34%	11.91%	12.48%	13.07%	13.66%
ROE: Unlevered		6.75%	6.89%	7.03%	7.17%	8.65%	8.82%	9.00%	9.18%	9.37%	9.56%

EXHIBIT B

DUN & BRADSTREET REPORT



Business Information Report On Demand

ATLAS ROOFING CORPORATION

D-U-N-S: 01-919-5651

ADDRESS: 445 Industrial Park Dr, Ridgeway, VA, 24148, United States

Date: 08/06/2024

RISK ASSESSMENT

SCORES AND RATINGS				
Max. Credit Recommendation	PAYDEX® SCORE	Delinquency Predictor Percentile	Financial Stress Percentile	Supplier Evaluation Risk Rating
US\$ 17,500	79 LOW RISK	81 LOW-MODERATE RISK	20 MODERATE-HIGH RISK	4 LOW RISK

MAXIMUM CREDIT RECOMMENDATION

Overall Business Risk

LOW

LOW-MODERATE

MODERATE

MODERATE-HIGH

HIGH

Maximum Credit Recommendation

US\$ 17.500

The recommended limit is based on a low-moderate probability of severe delinquency.

Dun & Bradstreet Thinks...

- * Overall assessment of this organization over the next 12 months: STABILITY CONCERNS
- * Based on the predicted risk of business discontinuation: MODERATELY HIGHER THAN AVERAGE RISK OF FINANCIAL STRESS
- * Based on the predicted risk of severely delinquent payments: LOW POTENTIAL FOR SEVERELY DELINQUENT PAYMENTS

PAYDEX® SUMMARY

3 Months

81

Low Risk (100)

High Risk (1)

When weighted by dollar amount, payments to suppliers average 2 days sooner than terms. Value is based on payments collected over the last **3 months**.

24 Months

79

Low Risk (100)

High Risk (1)

When weighted by dollar amount, payments to suppliers average 2 days beyond terms. Value is based on payments collected over the last **24 months**.

PAYDEX®

Based on 24 months of data

EXHIBIT C

PCR EXECUTIVE SUMMARY PREPARED BY TRC



DRAFT

1 EXECUTIVE SUMMARY (continued)

1.6 Project Summary Table

Atlas Molded Products Facility
445 Industrial Park Drive
Ridgeway, Virginia 24148
Assessment Date: May 14, 2024

Property Type: Industrial
Year(s) Built: 1974, 1991, 1995, 1997, and 2000, 2000
Gross Site Area: 6.79 Acres
Total Square Footage: 93,799

Construction System	Condition			Recommendations		
	Good	Fair	Poor	Immediate	Short Term	Over Term Years 1-10
3.1.2 Other Structures		NA				
3.2.1 Topography	X					
3.2.2 Storm Water Drainage	X	X			\$3,500	
3.2.3 Access and Egress	X	X				
3.2.4 Paving, Curbing and Parking	X	X	X			\$340,800
3.2.5 Docks and Flatwork	X	X				
3.2.6 Landscaping and Appurtenances	X	X				
3.2.7 Recreational Facilities		NA				
3.2.8 Utilities	X					
3.3.1 Foundation	X					
3.3.2 Building Frame	X					
3.3.3 Facades or Curtainwall	X	X				
3.3.4 Roofing	X	X				\$377,000
3.3.5 Exterior and Interior Stairs	X					
3.3.6 Patio, Terrace, and Balcony		NA				
3.4.1 Plumbing	X					
3.4.2 Heating, Air Conditioning and Ventilation	X	X				
3.4.3 Electrical	X					
3.5 Vertical Transportation		NA				
3.6.1 Sprinklers, Standpipes and Suppression Systems	X					
3.6.2 Alarm Systems	X					
3.7.1 Common Areas		NA				
3.7.2 Tenant Spaces	X					
3.7.3 Dwelling Units		NA				
4.1 Building and Fire Code Compliance	X					
5.1 Accessibility to Disabled Persons	X	X			\$2,500	
5.3 Moisture Intrusion	X					
Totals				\$0	\$6,000	\$717,800

Repairs and Reserve Summary

	Today's Dollars	\$/SF	w/2.50% Inflation
Immediate Needs	\$0	\$0.00	N/A
Short Term Needs	\$6,000	\$0.06	N/A
Years 1-10 Replacement Reserves	\$717,800	\$7.65	\$773,348

	Uninflated \$/SF/Year	Inflated \$/SF/Year
Years 1-10	0.77	0.82

EXHIBIT D

PHASE-1 EXECUTIVE SUMMARY PREPARED BY TERRA

2.3 Environmental Report Summary

TRC has performed a Phase I ESA in conformance with the ASTM Practice E 1527-21 scope and limitations at the property located at 445 Industrial Park Drive. Any exceptions to or deletions from this practice are described in Section 3.3 of this report. This assessment has revealed no evidence of *recognized environmental conditions* in connection with the Subject Property.

Report Section		No Further Action	De minimis Condition	REC	HREC	CREC	Other	Comments
4.3	Current Use of Property	X						
4.5	Adjoining Property Information	X						
6.1	Standard Environmental Records Sources	X					X	Former USTs with a release
6.4.1	Historical Summary	X						
6.5	Environmental Liens and Activity/Use Limitations	X						

2.3 Environmental Report Summary (continued)

Report Section		No Further Action	De minimis Condition	REC	HREC	CREC	Other	Comments
6.6	Vapor Encroachment Evaluation	X						
7.2.1	Hazardous Substances	X						
7.2.2	Petroleum Products		X					De minimis oil staining.
7.2.3	USTs	X						
7.2.4	ASTs	X						
7.2.5	Other Suspect Containers	X						
7.2.6	Equipment Likely to Contain PCBs	X						
7.2.7	Interior Staining/Corrosion		X					De minimis oil staining.
7.2.8	Discharge Features	X						
7.2.9	Pits, Ponds, And Lagoons	X						
7.2.10	Solid Waste Dumping/Landfills	X						
7.2.11	Stained Soil/Stressed Vegetation	X						
7.2.12	Wells	X						
9.1	Asbestos-Containing Materials	X					X	Initial construction date of 1974.
9.2	Lead-Based Paint	X					X	Initial construction date of 1974.
9.3	Lead in Drinking Water	X						

2.3 Environmental Report Summary (continued)

Report Section		No Further Action	De minimis Condition	REC	HREC	CREC	Other	Comments
9.4	Microbial Contamination (Mold)	X						
9.5	Radon	X						
9.6	Wetlands	X						
9.7	Emerging Contaminants	X						
9.8	Other User Requested Services	X						

EXHIBIT E

RYAN LLC PROPERTY TAX PRE-ACQUISITION DUE DILIGENCE REPORT

MOST PROBABLE CASE SCENARIO					
CURRENT ASSESSMENT DATA & TAX ESTIMATE					
Tax Year	2024	2025	2026	2027	2028
Lien Date	1/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Total Market Value	\$2,449,800	\$2,512,200	\$2,512,200	\$2,512,200	\$2,512,200
Assessment Ratio	100%	100%	100%	100%	100%
Total Assessed Value	2,449,800	2,512,200	2,512,200	2,512,200	2,512,200
AV/SF	25	25	25	25	25
Tax Rate	0.5550%	0.5578%	0.5606%	0.5634%	0.5662%
Ad Valorem Tax	13,596	14,013	14,083	14,154	14,224
Special & Direct	0	0	0	0	0
TOTAL TAXES	\$13,596	\$14,013	\$14,083	\$14,154	\$14,224
Taxes/SF	0.14	0.14	0.14	0.14	0.14
Fiscal Time Frame	1/2024 - 12/2024	1/2025 - 12/2025	1/2026 - 12/2026	1/2027 - 12/2027	1/2028 - 12/2028
MOST PROBABLE CASE SCENARIO NOTES:					
1. The 2024 value and tax rate are actuals.					
2. This scenario assumes the assessor will value the site for the TY 2025-2028 cycle with an income approach using PGI and expenses (less asset management fees) from the provided pro forma and capitalize the NOI at an 8% cap rate plus the real estate tax rate. Our 8% base cap rate is the midpoint between RERC's 2nd tier and 3rd tier industrial warehouse average cap rates. This value would remain in place for the duration of the cycle.					
3. This scenario assumes the tax rate will grow 0.5% year-over-year to smooth out any unforeseen jumps.					
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