

**Project Supplement No. 8**  
**(Dated November 9, 2023)**  
**to the Supplement**  
**of TEI Diversified Income & Opportunity Fund VI, LLC,**  
**dated March 1, 2022**

This Project Supplement No. 8 (this “**Supplement**”) dated November 9, 2023 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 7 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 Boulder Crossing located at 5406-5526 Boulder Highway, Las Vegas, Nevada (the “**Property**”)

## Acquisition and Business Plan

Boulder Crossing is an open-air retail strip center shadow anchored by a grocery store that is not part of the purchase of the Property and will not be owned by the Boulder TIC (as hereinafter defined). The Property totals 48,160 square feet on 8.58 acres of land and is currently 91.77% occupied. The property benefits from excellent ingress and egress with 8 points of entry along two high-traffic commuting corridors. According to U.S Census data, the surrounding neighborhood has an average household income of \$79,690 and 382,983 people within 5 miles. The site also benefits from vehicular traffic of approximately 50,000 vehicles per day.

The Property consists of 36,610 SF of inline retail, and 11,550 SF of outparcel retail for a total of 48,160 SF on an 8.58-acre site. Boulder Crossing contains 15 tenants and is anticipated at Closing to be 91.77% occupied. The largest tenants are Planet Fitness, Nevada Health Center, Miz Lola, and WingStop.

The Seller of the Property is WBCMT 2006-C29 Boulder Way, LLC c/o LNR Partners LLC.

The business plan is to lease up the remaining vacancies and to renew current tenants at lease expiration at increased market rents.

The purchase price for the property is \$10,375,000, which reflects a cost of \$215 per square foot, and a projected going-in cap rate on the purchase price of approximately 8.0% before reserves for capital expenses, tenant improvements and leasing commissions. The closing date for the purchase of the Property was November 1, 2023.

The total Invested Capital raise pursuant to this offering is \$11,824,049. The Fund invested \$1,733,897.45 of the total Invested Capital for a 16.1483% membership interest in one of the tenants in common that comprise the Owner, as described below.

The Property was purchased by Boulder Crossing TEI Equities LLC, Boulder Crossing 134 West 93<sup>rd</sup> Street Equities LLC, Boulder Crossing UK 1 LLC, Boulder Crossing UK 2 LLC, and Boulder Crossing UK 3 LLC, as a tenancy in common (“**TIC**” or “**Boulder Crossing TIC**”) (collectively, the “**Owner**”) on November 1, 2023. The managers of each Owner are Francis Greenburger and Robert Kantor as the “**Managers**”.

### Boulder Crossing Building Description:

EXTERIOR:	The buildings include wood-framed exterior walls, finished with painted stucco.
SUPERSTRUCTURE:	The buildings are assumed to be supported by cast-in-place concrete footings at columns and continuous footings at bearing walls.  The buildings include wood-framed exterior walls.
ROOFING SYSTEM:	Flat roofs at Buildings 5406, 5436 and 5466 are covered with built-up systems with mineral felt cap sheets. The flat roof at Building 5516 is covered with a TPO membrane. Building 5486 appears to be covered with a TPO membrane.

The limited pitched roofs are finished with clay tiles. Interior surfaces of parapet walls are finished with asphalt shingles and the roofing materials and painted flashing. The overall installation appears to be per standard roofing practices.

Drainage is via interior roof drains and exterior scuppers with downspouts which discharge to the subsurface drainage system. Standard painted and galvanized sheet metal flashing and typical termination flashing are provided at penetrations. Penetrations appear to be waterproofed per standard roofing practices.

**HVAC:**

The heating, ventilation, and air conditioning (HVAC) systems for the Subject are provided via approximately 41, 1.5- to 5-ton packaged rooftop units (RTUs) utilizing natural gas or electricity for heating.

The RTUs were observed to be manufactured primarily by Goodman, Carrier, York, and Trane. The RTUs utilize R-22 (older units) or R-410A (replacement units) refrigerant. The HVAC units are provided with 120/240-volts and were equipped with electrical disconnect switches.

Thermostats controlling individual HVAC units are located in various areas throughout the buildings. Conditioned air is distributed via a low-pressure ductwork system through sheet metal ducts to diffusers located in the ceilings.

Additional HVAC equipment includes evaporative coolers, split system and electric wall heaters. A combination of interior ceiling-mounted and roof-mounted fans provide building ventilation and exhaust.

**SECURITY FIRE & SAFETY:**

Buildings 5436, 5466, and 5516 are served by a fully automatic wet/dry-pipe sprinkler system. The risers are located in a dedicated room and are serviced by NextGen (last inspected in April 2023).

Fire department connections are located outside the buildings. Fire extinguishers were observed in tenant spaces and are reportedly inspected on a yearly basis, with current inspection tags noted. Management reported the maintenance and replacement of the fire extinguishers is a tenant responsibility.

The food service-oriented businesses include chemical suppression systems at the cooking range hoods with current inspection tags.

**PARKING:**

542 spaces including 10 parking spaces which are designated as ADA accessible.

**UTILITIES:**

Electricity – NV Energy

Gas – Southwest Gas Company

Water – Las Vegas Valley Water Service

Sewer – Clark County

**Aerial View & Site Plans**

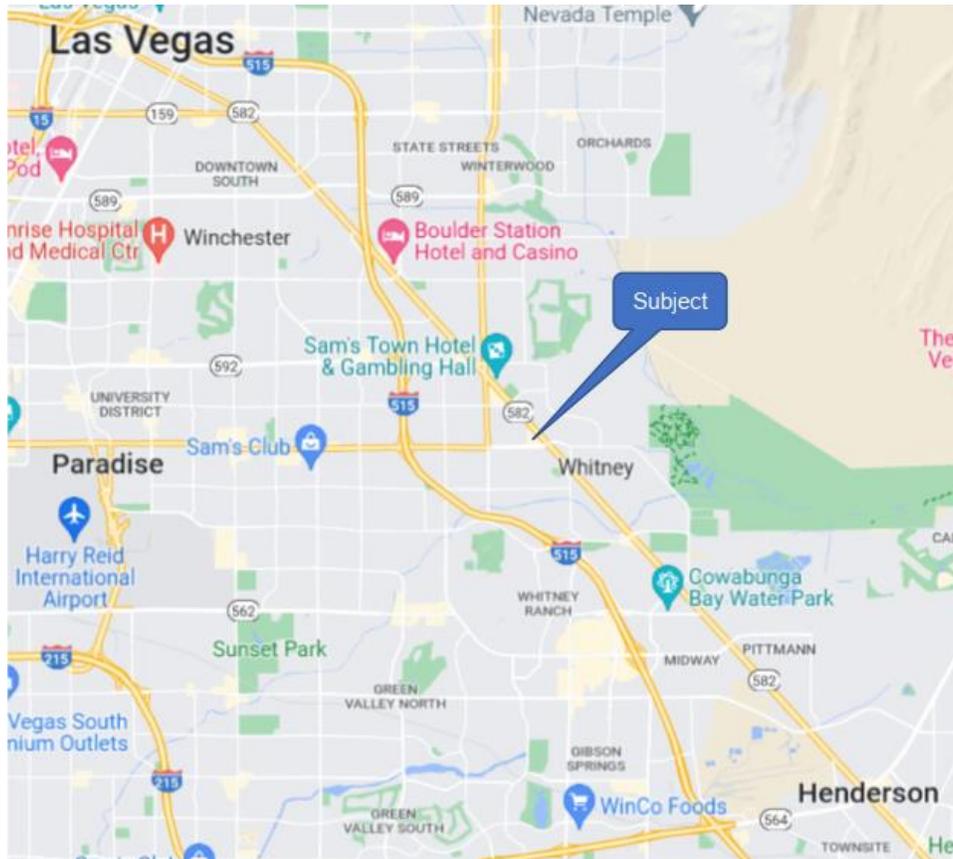




Suite	Tenant	Size
5406-A	Miz Lola's	3,000
5406-B	Wingstop	2,550
5486-101	Transformations Care	1,500
5486-102	Nevada Health Center Inc.	4,500
5436-AI-JI	Planet Fitness	17,456
5466-DI	Kriti Eyebrow	989
5466-CI	Available	1,465
5466-BI	Available	1,200
5466-AI	H&R Block	1,200
5516-2A	Ace Dental	1,300
5516-2B	Cricket Wireless	1,430
5516-2C	Paris Nails	1,235
5516-2D	Bargain Smokes Plus	1,235
5516-2E	Metro PCS	2,275
5516-2F	UPS Store	1,300
5516-2G	Available	1,300
5516-2H	Panda Express	1,950
5516-2I-J	Domino's	2,275

\*Albertsons space (the grocery store) is not owned by the Boulder TIC

## Regional Description and Property Location



The Property is located in Clark County, Las Vegas, Nevada at the intersection of two major roads with traffic counts totaling 50,000.

Per Clarkcountynv.gov, Clark County is the largest county in Nevada by population with jurisdiction over the world-famous Las Vegas Strip and covering an area the approximate size of New Jersey. Clark County is the nation's 12th-largest county and provides extensive regional services to more than 2.3 million citizens and more than 45.6 million visitors a year (2019). The County has grown approximately 21% since 2010, is currently growing at 1.35% per year and is projected to reach over 3.0 M people by 2035. Clark County is home to the nation's 8th-busiest airport, air quality compliance, social services and the state's largest public hospital, University Medical Center.

Mt. Charleston and skiing are just 45 minutes away, and Red Rock National Conservation area beckons on the western fringe of the Las Vegas Valley. Lake Mead National Recreation Area, located 30 miles southeast of Las Vegas, caters to boaters, swimmers, fishermen, hikers, wildlife photographers and roadside sightseers. Meanwhile, gambling is offered in the destinations of Mesquite, Primm and Laughlin, located on the sundrenched Colorado River.

### Market and Submarket

The Property is part of the suburban eastern Las Vegas retail submarket. Per Costar, the Las Vegas retail submarket consist of 121,000,000 SF of inventory at an average occupancy rate of 94.8%. The top retail leases in Las Vegas so far in 2023 have been dominated by discount stores. With many consumers seeking to cut costs in the face of higher inflation, tenants such as Ross Dress for Less, 99 Cents Only Stores, Five

Below, and Dollar Tree have been expanding aggressively. Las Vegas retail rents have increased by more than 8% annually, down from a peak of 10% in 2021.

## Tenants

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

Tenant	SF	Lease Start	Lease End	Base Rent	Gross Rent
				Annual	Annual
Planet Fitness	17,456	10/16/2018	2/29/2032	\$198,998	\$325,401
Miz Lola	3,000	5/6/2022	2/28/2033	\$91,800	\$113,524
Metro PCS	2,275	4/25/2018	8/31/2028	\$69,615	\$86,089
WingStop	2,550	12/19/2017	9/13/2028	\$67,320	\$85,785
Nevada Health Center Inc	4,500	10/1/2016	12/31/2026	\$53,039	\$85,624
Panda Express	1,950	7/29/2000	7/31/2025	\$59,329	\$73,450
Domino's	2,275	12/16/2018	7/15/2029	\$43,680	\$60,154
Cricket Wireless	1,430	4/1/2008	8/31/2028	\$41,184	\$51,539
Transformations Care	1,500	9/29/2016	4/30/2025	\$37,636	\$48,498
Bargain Smokes	1,235	6/1/1999	7/31/2028	\$34,593	\$43,536
Ace Dental	1,300	11/1/2004	5/31/2028	\$32,300	\$41,713
Paris Nails	1,235	3/4/1999	10/31/2025	\$31,049	\$39,992
UPS Store	1,300	2/1/2015	12/31/2025	\$28,739	\$38,152
H&R Block	1,200	8/28/2002	6/30/2027	\$29,401	\$38,091
Kriti Eyebrow	989	5/15/2012	9/30/2025	\$26,652	\$33,813
<b>TOTAL</b>	<b>44,195</b>			<b>845,335</b>	<b>1,165,361</b>
REA: Burger King (NAP)	3,250	9/1/2023	8/31/2043		\$8,936
REA: Del Taco (NAP)	3,000	9/1/2023	8/31/2043		\$8,249
REA: Eline Family Trust (NAP)	3,250	9/1/2023	8/31/2043		\$8,936
REA: Express Lube (NAP)	2,106	9/1/2023	8/31/2043		\$5,791
REA: FTH Nevada (NAP)	6,000	9/1/2023	8/31/2043		\$16,498
REA: Silbar LLC (NAP)	59,158	9/1/2023	8/31/2043		\$162,665
REA: Speedway (NAP)	6,000	9/1/2023	8/31/2043		\$16,498
REA: Well Care Pharmacy (NAP)	8,500	9/1/2023	8/31/2043		\$23,372

## Lease Rollovers

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

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

Calendar Year	SF expiring in Calendar Year	% of Total Rentable SF
2025	6,974 SF	15.78%
2026	4,500 SF	10.18%
2027	1,200 SF	2.72%
2028	8,790 SF	19.89%
2029	2,275 SF	5.15%

## Estimated Sources and Uses for the Invested Capital

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

<b>SOURCES</b>	
Invested Capital	\$ 11,824,049
<b>Total</b>	<b>\$ 11,824,049</b>

<b>USES</b>	
Purchase Price	\$ 10,375,000
Broker-Dealer Commission	\$ 945,924
Acquisition Fee	\$ 207,500
Legal Fees	\$ 45,000
Due Diligence Costs	\$ 10,000
Title Insurance	\$ 35,000
Transfer Taxes	\$ 55,000
Working Capital & Reserves	\$ 155,625
<b>TOTAL PROJECT COSTS</b>	<b>\$ 11,824,049</b>

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

Working Capital and Reserves	\$155,625
<b>Total</b>	<b>\$155,625</b>

## Managing Broker Dealer and Selling Commission

Time Equities Securities LLC is the managing broker dealer for this offering. Selling commissions in an amount of up to 8% of the amount subscribed for by Investors may be charged by Time Equities Securities LLC (the “**Managing Broker Dealer**”) and paid by the Boulder Crossing TIC. The Invested Capital includes selling commissions in the amount of \$945,924. The Managing Broker Dealer will then pay any selling commissions due to a Selling Group Member (a broker dealer and/or registered investment advisor, who is a member of FINRA), that participates in this offering, if any. The Managers and/or their Affiliates

will acquire their membership interests for this offering without paying any such selling commissions. To the extent selling commissions are not paid for a subscription by an Investor (which may include affiliates of the Managers), the Managers, in their sole discretion, may allow such Investors to acquire their membership interest on a grossed up basis as to the amount of selling commissions that are not incurred for any such Investor.

### **Financial Forecast**

Attached hereto is the ten (10) year Financial Forecast for the Property (the “**Financial Forecast**”). The Financial Forecast contains projections for a ten (10) year period commencing January 1, 2024. There can be no assurance the Property will perform at the levels assumed in the Projections. It is likely that actual results will vary from the amount shown in the projections.

The financial forecast includes an offset for future rent increases in the amount of \$35,611 for Planet Fitness. Tenant’s base rent increases from \$198,998 per year to \$224,135 per year on March 1, 2025 but the forecast assumes tenant is paying the higher base rent amount immediately. The Financial Forecast also includes an offset for rent abatement related to Cricket Wireless and Metro PCS totaling \$20,836. Cricket Wireless is due a monthly base rent abatement for October 2023 in the amount of \$3,432 and Metro PCS will receive a monthly base rent abatement for October to December 2023 totaling \$17,404. Both rent abatements were part of recent lease renewals.

Panda Express’ lease currently expires July 31, 2025. The Financial Forecast assumes tenant renews for one year at current rent and then vacates. Tenant has not indicated they will be terminating their lease here, but tenant’s typical prototype includes a drive-thru, which is not available. This location, however, is a strong performer for the tenant.

The Financial Forecast includes a projected mortgage financing beginning in the 3<sup>rd</sup> year of operation based on the following projected loan terms:

<b>Loan Amount:</b>	\$5,706,250
<b>Loan to Value Ratio:</b>	55%
<b>Interest Rate:</b>	6.0%
<b>Monthly Payments:</b>	\$342,375, interest only
<b>Loan Closing Costs:</b>	\$135,594
<b>Use of Loan Proceeds:</b>	The net loan proceeds of \$5,570,656 is projected to be used to reduce Invested Capital from \$11,824,049 to \$6,253,393.

### **No Guaranty as to the Financings:**

There is no guaranty as to the ability of the TIC to obtain the permanent financing as projected in the Financial Forecast and any change in the loan amount and/or terms for such loan could have a material impact on the distributions to be made to Investors, either positively or negatively. The projected interest is lower than what would be obtainable if the financing was obtained in the current market conditions.

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

**PROJECTED RETURNS AT THE PROPERTY LEVEL**

The following are the projected property level returns on an unlevered basis for the 1<sup>st</sup> and 2<sup>nd</sup> Year and leveraged basis for the 3<sup>rd</sup> through 10<sup>th</sup> years of operation.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Returns on Invested Capital after Debt Service Payments	6.54%	6.91%	7.96%	7.73%	7.59%	8.66%	9.01%	9.28%	9.07%	8.94%

The Financial Forecast for the Property projects an average annual return over 10 years from net cash flow at 8.17%.

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

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

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

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

**No Guaranty as to the Mortgage Financings**

There is no guaranty as to the ability of the Boulder Crossing TIC to obtain the mortgage loan based on the terms as projected in the Financial Forecast. Any change in the loan amount and/or terms of such loan could have a material impact on the distributions to be made to Investors, either positively or negatively. As noted above, the projected interest rate is lower than what might be obtained in today’s market conditions.

## Occupancy Levels

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

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
91.8%	93.2%	91.9%	90.9%	91.0%	93.5%	93.2%	93.2%	91.6%	91.1%

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

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

The Financial Forecast also includes an annual capital reserve of \$12,040 (\$0.25 PSF), average annual reserves for tenant improvements of \$12,375 (\$0.28 PSF) and average annual reserves for leasing commissions of \$30,556 (\$0.72 PSF). All of such reserves are projected to be funded from the operating income of the Property.

## Projected Reductions in Invested Capital

The total Invested Capital of \$11,824,049 is estimated to be reduced from the projected Refinancing in the 3<sup>rd</sup> year of operations. The Projected Returns in the Financial Forecast, starting in the 4<sup>th</sup> year of operations, are calculated utilizing the estimated reduced Invested Capital of \$6,253,393. There is no guarantee as to whether or not the Boulder Crossing TIC will be able to obtain sufficient loan proceeds resulting in such projected reductions in Invested Capital, or to meet the Projected Returns in the Financial Forecast.

Below is a schedule of the projected amount of estimated capital in the Boulder Crossing TIC during the 10-year Financial Forecast.

Year	Invested Capital	Return of Capital	Remaining Invested Capital
Years 1-3	\$11,824,049.00	\$0.00	\$11,824,049.00
Years 4-10	\$6,253,393.00	\$5,570,656.00	\$6,253,393.00

## Working Capital

The Financial Forecast includes working capital and reserves of \$155,625 to be funded as part of the Invested Capital. Other than the above amount, the working capital is not utilized in the Financial Forecast over the ten (10) year forecast period.

## Management and Leasing of the Property

The Property will be managed by American Nevada Realty at a management fee equal to 3.0% of total revenue collections and leased by third party leasing agent who will be entitled to leasing fees commensurate with the deals negotiated per the lease agreement. Time Equities, Inc. will be the asset manager for a fee equal to 1.5% of total revenue collections.

## Property Condition Report

A Property Condition Report was prepared by B2R Consulting Group (“B2R”) for the Property in May of 2023. The purpose of the report was to establish the current condition of the Property and to budget required repairs and improvements that may have to be completed over the next 10 years. The budget for the Property prepared by B2R is divided into the estimated costs for immediate, short term, and the remaining

repairs and improvements over a ten (10) year period following Closing. The following is a chart in which B2R aggregated the estimated costs and projected time periods for the suggested repairs and improvements:

Category	Quantity	Units	Unit Cost	Estimated Costs	Life/Safety	Comments
<b>Site Improvements</b>						
Paving, Curbs	2,100	SF	\$1.75	\$3,675		Repair asphalt pavement
Flatwork	1	LS	\$500	\$500		Crack seal the concrete walkway at the rear of Building 5516
<b>Building Components</b>						
Roofing	1	LS	\$1,500	\$1,500		Perform roof covering repairs
Windows, Doors	1	EA	\$500	\$500		Repair storefront window
<b>Interior Elements - Common</b>						
						No interior common areas exist at the Subject
<b>Interior Elements - Tenant</b>						
						No significant items of concern observed or reported
<b>Mechanical, Electrical Systems, Life/Safety Systems</b>						
						No significant items of concern observed or reported
<b>Vertical Transportation Systems</b>						
						No vertical transportation systems provided
<b>Total Estimated Repair Costs</b>				<b>\$6,175</b>		

## Replacement Reserves

Building Area: 48,160 square feet  
 Property Age: 23 years  
 Reserve Term: 12 years  
 Inflation Factor: 2.5% per year

Description	EUL	Eff. Age	RUL	Qty Per Cycle	Num of Cycles	Qty Over Term	Units	Unit Cost	Total Cost	1	2	3	4	5	6	7	8	9	10	11	12	Totals	
<b>Site Improvements</b>																							
Slurry Seal & Striping	5		5	221,000	2	442,000	SF	\$0.15	\$66,300					\$33,150					\$33,150			\$66,300	
<b>Building Components</b>																							
Roofing - BUR	25	20	5	27,880	1	27,880	SF	\$5.00	\$139,400					\$139,400								\$139,400	
Exterior Repairs/Point	7	3	2	26,530	2	53,060	SF	\$1.60	\$84,896		\$42,448						\$42,448					\$84,896	
<b>Interior Elements - Common</b>																							
Not Applicable																							
<b>Interior Elements - Tenant</b>																							
Maintained by Tenants																							
<b>Mechanical, Electrical Systems, Life/Safety Systems</b>																							
Package Units +	20	Varies	Varies	10	6	60	Tons	\$1,200	\$72,000	\$12,000		\$12,000		\$12,000		\$12,000		\$12,000		\$12,000		\$72,000	
<b>Vertical Transportation Systems</b>																							
Not Applicable																							
<b>Subtotals</b>									\$362,596	\$12,000	\$42,448	\$12,000	\$0	\$184,550	\$0	\$12,000	\$0	\$54,448	\$33,150	\$12,000	\$0	\$362,596	
<b>Inflation Factor</b>										N/A	2.50%	5.06%	7.69%	10.38%	13.14%	15.97%	18.87%	21.84%	24.89%	28.01%	31.21%		
<b>Inflated Totals</b>										\$12,000	\$43,509	\$12,608	\$0	\$203,709	\$0	\$13,916	\$0	\$66,340	\$41,400	\$15,361	\$0	\$408,842	
<b>Total per SF per Year (Base / With Inflation)</b>									\$0.63														\$0.71

EUL - Effective Useful Life RUL - Remaining Useful Life

Category	Quantity	Units	Unit Cost	Estimated Costs	Life/ Safety	Comments
<b>Site Improvements</b>						
Parking	3	EA	\$75	\$225		Install ADA compliant building/pole mounted placards
<b>Building Components</b>						
						No significant items of concern observed or reported
<b>Interior Elements - Common</b>						
						No interior common areas exist at the Subject
<b>Interior Elements - Tenant</b>						
						Modifications to tenant restrooms assumed to be a tenant responsibility
<b>Mechanical, Electrical Systems, Life/Safety Systems</b>						
						No significant items of concern observed or reported
<b>Vertical Transportation Systems</b>						
						No vertical transportation systems provided
<b>Total Estimated Repair Costs</b>				<b>\$225</b>		

Based on the Property Condition Report prepared by B2R for the Property, it is projected that \$362,596 will be utilized to complete capital improvements for the Property over the 10-year forecast period. \$72,000 will be used for HVAC repairs and maintenance to be billed back to tenants, \$84,896 will be used for painting to be billed back to the tenants, and the remaining \$205,700 will be paid for using cash flow reserves. The Financial Forecast also includes an annual capital reserve of \$12,040 (\$0.25 PSF), average annual reserves for tenant improvements of \$12,375 (\$0.28 PSF) and average annual reserves for leasing commissions of \$30,556 (\$0.72 PSF) over the ten (10) year forecast period in the aggregate total amount of \$564,254. Such capital improvement reserve is projected to be funded from the operating income. There is no guaranty as to the adequacy of the operating income to cover required capital improvements over the ten (10) years forecast period.

## **Environmental Condition**

A Phase I ESA was prepared by AEI Consultants (“AEI”) for the Property in July 2017. In the Phase I, AEI concluded the following:

- A recognized environmental condition (REC) is defined as “the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property: (1) due to release to the environment; (2) under conditions indicative of a release to the environment; or (3) under conditions that pose a material threat of a future release to the environment.”
  - AEI did not identify any recognized environmental conditions (RECs) associated with the Subject Property. No further investigation is warranted at this time based on the information reviewed and conditions at the time of the site reconnaissance described herein.
- A historical recognized environmental condition (HREC) refers to a past release of any hazardous substances or petroleum products that has occurred in connection with the property and has been addressed to the satisfaction of the applicable regulatory authority or meeting unrestricted use criteria established by a regulatory authority, without subjecting the property to any required controls.
  - AEI did not identify any HRECs associated with the Subject Property.
- A controlled recognized environmental condition (CREC) refers to a past release of any hazardous substances or petroleum products that has occurred in connection with the property and has been addressed to the satisfaction of the applicable regulatory authority subject to the implementation of required controls.
  - AEI did not identify any CRECs associated with the Subject Property.
- A de minimis condition is one that does not generally pose a threat to human health or the environment and typically would not be subject to regulatory enforcement.
  - AEI observed interior areas of the subject property buildings in order to identify the presence/absence of visible, suspect mold (fungal) growth. During the on-site reconnaissance, obvious visible signs of suspect mold growth or conditions conducive for mold growth (water intrusion) were observed in 5406 Boulder Highway Suite F1, 5436 Boulder Highway Suite B1, 5466 Boulder Highway Suites B1 and E1 and 5516 Boulder Highway Suite 2J. More specifically, several water-stained ceiling tiles indicative of minor roof leaks were observed in 5466 Boulder Highway and water damaged drywall with suspect mold growth was observed in the 5406, 5436 and 5516 Boulder Highway locations. According to information provided by the Maintenance Supervisor, several roof leaks occurred in January 2016 and roof repairs were completed in January 2017. Based upon the amount of suspect fungal growth observed, AEI recommends the performance of a Mold/Water Intrusion Investigation by a qualified consultant firm/Inspector. Subsequent to the Investigation a qualified/certified mold remediation contractor should be consulted to conduct the removal of all water-damaged building materials and visible, suspect mold

within the affected areas utilizing proper engineering controls in accordance with a defined Scope of Work. Repairs to eliminate the source of the water intrusion and damage in the impacted area should also be performed to prevent the reoccurrence of the suspect mold growth. In addition, AEI recommends that post-remediation verification be conducted by a third-party consultant to ensure successful remediation of the affected area. Furthermore, it would be prudent for the property owner to implement a Mold/Moisture Plan (MMP) which includes detailed means and methods to assist on-site staff with proper evaluation of suspect mold growth and water intrusion and remediation methodologies, as well as proper training.

- During the site reconnaissance, damaged drywall and ceiling tiles were observed as discussed above in the mold/water intrusion discussion. Although the cutoff date of 1981 referenced in the OSHA regulations is generally accepted for estimating the likelihood that certain building materials may contain asbestos, building materials manufactured after 1981, while not expected to, may still contain asbestos. Typical materials that are known to be manufactured with asbestos include but are not limited to: asphalt roofing products and building caulking materials and adhesives. The Subject Property Buildings were constructed in 1999. Based on the age, ACMs are not expected to represent a significant environmental concern. In the event that building renovation or demolition activities are planned, a thorough asbestos survey to identify asbestos-containing building materials is required in accordance with the EPA NESHAP 40 CFR Part 61 prior to demolition or renovation activities that may disturb suspect ACMs.
- A business environmental risk (BER) refers to environmental concerns identified by CRE, which do not qualify as RECs, however, warrant further discussion.
  - AEI did not identify any BERs associated with the Subject Property.

To summarize, AEI concluded, “AEI recommends no further investigation for the Subject Property at this time.”

### **SOME RISK FACTORS TO BE CONSIDERED**

This involves certain risks and is suitable only for persons of substantial financial means who have no need for liquidity in such investment and who are able to afford the risk of the investment. Reference in this special Risk Section to the terms: (i) “**Company**” or “**Co-Owner**” shall mean the Company in which an Investor will become a Member or the sole Member as to those Investors who want to use their investment to undertake a 1031 or 1033 like kind exchange; (ii) “**Member**” or “**Members**” shall mean the Member(s) in a Company or Co-Owner; (iii) “**Membership Interests**” shall mean the Membership Interests to be acquired by an Investor in a Co-Owner, which may include a sole membership interest for those Investors looking to use the Property to complete a 1031 or 1033 like kind exchange; (iv) “**Rollup Entity**” shall mean the limited liability company to which the Boulder Crossing TIC is ultimately rolled up into as the owner of the Property; and (v) any reference to the Boulder Crossing TIC or the Company shall mean the Rollup Entity after the roll up of the Boulder Crossing TIC into the Rollup Entity. Prospective Investors should carefully consider the following additional risk factors:

- 1) **Variations from the Financial Forecast.** The Financial Forecast presents the Managers’ estimate of the expected operating results of the Property for the 10 year forecast periods. The Financial Forecast is based upon assumptions as to future events and conditions which the Managers believes to be reasonable but which are inherently uncertain and unpredictable. The assumptions may prove to be incomplete or incorrect and unanticipated events and circumstances may occur. Because of these uncertainties and the other risks outlined in this Memorandum, the actual results of the Property can be expected to be different than those projected and the differences may be material

and adverse. Potential Investors should consider the projections in light of the underlying assumptions to reach their own conclusions as to the reasonableness of those assumptions and to evaluate the projections on the basis of that analysis. Neither the Managers, the Co-Owners, the Company, nor their attorneys or accountants make any representation or warranty as to the accuracy or completeness of the projections in the Financial Forecast or their underlying assumptions. **DUE TO THE LASTING IMPACT OF COVID-19, RETAIL DEMAND COULD BE GREATLY REDUCED AND PROJECTED RETURNS COULD BE NEGATIVELY IMPACTED CAUSING A LOSS OF INVESTED CAPITAL.**

- 2) **Projected Cash Flow.** Any projected cash flow or forward-looking statements included in this Private Investment Memorandum and all other materials or documents supplied by the Managers should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. The assumptions and facts upon which such projections are based are subject to variations that may arise as future events actually occur. The anticipated cash flows and returns described herein are based upon assumptions made by the Managers regarding future events. There is no assurance that actual events will correspond with these assumptions. This Memorandum contains forward-looking statements that involve risks and uncertainties. The Property's actual results may differ significantly from the results anticipated or discussed in the forward-looking statements. Prospective Investors are advised to consult with their tax, financial and business advisors concerning the validity and reasonableness of any assumptions. Neither the Managers nor any other person or entity makes any representation or warranty as to the future profitability of the **Boulder Crossing TIC**.
- 3) **Mortgage Risk.** The Financial Forecast includes a projected Acquisition Loan in Year 3. Such loan is projected to have a term of ten (10) years. The Financial Forecast estimates the interest rate for the entire term of such Loan at 6.00% per annum. The actual rate has not yet been fixed and may be higher or lower than this estimated interest rate. This loan is anticipated to be interest only over the 10 year term. There is no guaranty as to the amount and terms of such financings. Any change in the loan amount and/or actual payment terms from those used in the Financial Forecast will have an effect on the net cash flow, after debt service, either positively or negatively. Special note should be made to the projected interest rate which is lower than the rate that might be obtained if the property were financed under the current market conditions.
- 4) **Risk as to Capital Improvements and Repairs.** Based on the Property Condition Report prepared by B2R for the Property, it is projected that \$362,596 will be utilized to complete capital improvements for the Property over the 10-year forecast period. \$72,000 will be used for HVAC repairs and maintenance to be billed back to tenants, \$84,896 will be used for painting to be billed back to the tenants, and the remaining \$205,700 will be paid for using cash flow reserves. The Financial Forecast also includes an annual capital reserve of \$12,040 (\$0.25 PSF), average annual reserves for tenant improvements of \$12,375 (\$0.28 PSF) and average annual reserves for leasing commissions of \$30,556 (\$0.72 PSF) over the ten (10) year forecast period in the aggregate total amount of \$564,254. Such capital improvement reserve will be funded from the operating income. There is no guaranty as to the adequacy of the operating income to cover required capital improvements over the ten (10) years forecast period.
- 5) **Risks Regarding Not Funding a Capital Call.** In the event that net cash flow and reserves are unavailable or insufficient to adequately cover the required capital improvements, leasing costs and/or unbudgeted operating expenses a capital call may be requested by the Managers to the Members to fund any such deficiency, on a pro rata basis, based on their respective ownership interests in the Property. In the event a member of any Co-Owner with multiple members fails to contribute their pro rata share of 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. In the event a Co-Owner, with a sole member, fails to fund a capital call, please see subsection titled “**Additional Funds**” in the section titled **Tenants in Common Agreement**.

- 6) **Risk as to Lease Rollovers.** During the next five years approximately 53.7% of the existing leases come to an end. The Financial Forecast assumes a 75% renewal probability for all of existing tenants at the Property, which is consistent with market leasing assumptions. If the actual renewal rate is less than 75%, then this could have a material adverse effect on distributions to Investors.
- 7) **Risk as to Occupancy Levels.** The Managers and the managing agent will strive to increase the current occupancy level for the Property, as set forth in the Financial Forecast. In the Financial Forecast it was assumed that the average economic occupancy level, during the 10 year forecast period, will be 92.1%. 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 distributions paid to Investors.
- 8) **Leasing Risks.** There are many leasing risks to consider in operating the Property which could adversely affect the performance of the Property. Some of these leasing risks, include but are not limited to, tenants may not renew their leases as anticipated, tenants may experience economic difficulties, which may necessitate a reduction or deferral in rent or a reduction of their space to retain any such tenant, a tenant may file for bankruptcy and reject their lease, it may take long to release space or to lease vacant space than projected and the BOULDER CROSSING TIC may have to give more tenant concessions to attract or retain tenants than estimated, including those for free rent periods and tenant allowances for improvements. All of these leasing risks could ultimately affect the cash available for distribution to Investors. In addition, due to lasting impacts of COVID demand for retail space in the future could be greatly reduced. In such case it may be impossible to maintain or grow occupancy rates and returns to Investors would be much lower than set forth in the Financial Forecast.
- 9) **COVID Risk.** The COVID 19 or any variant (collectively “**Covid**”) Pandemic may have a serious negative impact on the demand for retail space long after it is over. It is uncertain at this time, as to what extent people will be restricted by federal, state and local ordinances.

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

It is difficult to predict the likely impact of COVID on the economic conditions and the operation of the Property. As a result, there can be no assurance that the Property will achieve anticipated cash flow levels. The Managers will attempt to account for the current weakness of the economy created by COVID and its likelihood for recovery in its investment strategy for the Property, but there is no guaranty as to the success or accuracy of such investment strategy. Right now while the COVID Pandemic still exists, it is almost impossible to accurately predict the long-term economic impact that it will have on the Property.

- 10) **Difficulty Attracting New Tenants.** There can be no assurance that the Company will be able to increase and maintain the occupancy level as projected in the Financial Forecast. In addition, it may be necessary to make substantial concessions, in terms of rent and lease incentives, and to

construct tenant improvements to attract new tenants at the Property. If these expenditures and concessions are necessary to maintain or achieve lease-up at the Property and such expenditures exceed projections and/or the amount of reserves for the Property, then, this could affect the distributions to be made to the Investors. In addition, due to lasting impacts of COVID, demand for retail space in the future could be greatly reduced. In such case it may be impossible to attract new tenants and returns to investors would be much lower than set forth in the Financial Forecast.

- 11) **Risks of Competition.** The Property will be operating in a competitive market. In the event that any of the tenants vacate their respective spaces on or prior to the expiration of their respective leases, the BOULDER CROSSING 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 BOULDER CROSSING TIC, the quality of the surrounding area and a variety of other factors. The success of the BOULDER CROSSING TIC will depend to a large degree upon its ability to compete with other similar retail properties, which in turn depends upon its ability to be competitive as to the foregoing factors. The failure of the BOULDER CROSSING TIC to establish and maintain a favorable market position could have a material adverse effect on its profitability.
- 12) **Risks of Ownership.** The profitability of the Property is subject to general economic conditions, the management abilities of the managing agent, competition, desirability of the location of the Property, the structural and operating conditions of the Property, the physical appearance of the Property, and other factors. To remain competitive, continuing expenditures must be made to modernize, refurbish and maintain existing facilities. This increases the need for capital funds (whether from reserves, current cash flow or debt financing) and thereby increases the sensitivity of the investment to the cost and availability of such funds, while decreasing operating revenues to the extent that space at the Property remains vacant. The Financial Forecast includes capital improvement and leasing reserves funded by operating income, pay for capital improvements, tenant improvements and leasing commissions. There is no guaranty that operating income will be sufficient to cover such expenditures. In addition, inflationary pressures could increase operating expenses above expected levels, thereby decreasing profitability to the extent rents cannot be raised by corresponding amounts.
- 13) **Risk as to Economic Conditions.** Period of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in real estate values, which could adversely affect the operation, financial position, cash flow and/or ability to satisfy debt obligations and to make distributions to the Investors.
- 14) **Uninsured Losses.** The BOULDER CROSSING 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 BOULDER CROSSING TIC may lose all or part of its investment. The BOULDER CROSSING TIC may be liable for any uninsured or underinsured personal injury, death or property damage claims. Liability in such cases may be unlimited but Investors will not be personally liable.
- 15) **Risk as to Management of the Property.** Prior to the roll up of the tenant in common purchasers, the Investors who become the sole member of a Co-Owner, shall have certain approval rights as

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

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

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

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

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

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

**c. Tax Partnership Representative**

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

Managers and their Affiliates may be substantially different in circumstances from the impact on the Investors, the Managers may be subject to a conflict of interest in acting as the partnership representative.

**d. Lack of Separate Representation**

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

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

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

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

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

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

A conflict of interest could arise between the Members that wish to sell the Property and the Members that do not desire to sell the Property or if the Managers have a contrary desire as to the sale of the Property from those maintained by a Member. In any event, once the Property is Rollup, the decision as to whether or not to sell the Property and the terms to be accepted for any such sale of the Property shall be at the sole discretion of the Managers.

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

the Property to implement a 1031 like kind exchange or do not want to use such net sales proceeds for the replacement property selected by the Managers.

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

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

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

**h. Resolutions of Conflicts of Interest**

The Managers have not developed, and do not expect to develop, any formal process for resolving conflicts of interest. However, the Managers are required to exercise good faith and integrity in handling the affairs of the tenant in common purchasers or the Rollup Entity, which duty will govern their actions in all such matters. While the foregoing conflicts of interest could materially and adversely affect the tenant in common purchasers or the Rollup Entity, except as otherwise provided in this special risk as to conflicts of interest, the Managers in their sole judgment and discretion, will attempt to mitigate such potential adversity by the exercise of its business judgment in an attempt to fulfill their

fiduciary obligations. There can be no assurance that any such attempt will prevent the adverse consequences that may result from the numerous conflicts of interest.

- 17) **Environmental Liabilities Are Possible and Can Be Costly.** Federal law imposes liability on a landowner for the presence on a property of improperly disposed or released hazardous substances and wastes. This liability is without regard to fault for or knowledge of the presence or release of such substances and may be imposed jointly and severally upon all succeeding landowners from the date of the first improper disposal or release. Neither the Co-Owners, nor the Managers can guaranty that hazardous substances and/or wastes will not be discovered on the Property during the tenant in common purchasers' or the Rollup Entity's ownership or after sale to a third party. If such hazardous substances or wastes are discovered on the Property, the tenant in common purchasers may be required to remove those hazardous substances and clean up the Property, and the tenant in common purchasers, may incur full recourse liability for the entire cost of any such removal and cleanup. The tenant in common purchasers cannot guaranty that the cost of any such removal and cleanup would not exceed the value of the Property or that the tenant in common purchasers could recoup any such costs from a third party. The tenant in common purchasers or the Rollup Entity may also be liable to tenants and other users of the Property and to owners, tenants or users of neighboring properties, and it may find it difficult or impossible to sell the Property prior to the completion of such remediation or clean up. Obtaining financing for any such Property prior to the completion of such clean-up or remediation may be more difficult or costly. Without undertaking any further due diligence and except as otherwise disclosed in this Memorandum and/or in the environmental reports, the Managers are not aware of and have not received any written notice from any governmental authority pertaining to any required cleanup or remediation of hazardous substances and wastes at the Property, but there is no guaranty of such result. The Financial Forecasts for the Property does not contain any expenses for any such environmental cleanup of hazardous substances and wastes. To the extent this would be required, such additional costs could affect or reduce distributions to Investors.
- 18) **Toxic Mold.** Litigation and concern about indoor exposure to certain types of toxic molds has been increasing as the public becomes aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions. Toxic molds can be found almost anywhere; they can grow on virtually any organic substance, as long as moisture and oxygen are present. There are molds that can grow on wood, paper, carpet, foods, and insulation. When excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible to eliminate all mold and mold spores in the indoor environment. The difficulty in discovering indoor toxic-mold growth could lead to an increased risk of lawsuits by affected persons, and the risk that the cost to remediate toxic mold will exceed the value of the property. Because of attempts to exclude damage caused by toxic mold growth from certain liability provisions in insurance policies, there is no guarantee that insurance coverage for toxic mold will be available now or in the future.
- 19) **Compliance with the Americans with Disabilities Act.** Under the Americans with Disabilities Act of 1990 (the "ADA"), public accommodations must meet certain federal requirements related to access and use by disabled persons. Facilities initially occupied after January 26, 1992 must comply with the ADA. When a building is being renovated, the area renovated, and the path of travel accessing the renovated area, must comply with the ADA. Further, owners of buildings occupied prior to January 26, 1992 must expend *reasonable* sums, and must make *reasonable efforts*, to make practicable or readily achievable modifications to remove barriers, unless the modification would create an undue burden. This means that so long as owners are financially able, they have an ongoing duty to make their property accessible. The definitions of "**reasonable**", "**reasonable efforts**", "**practicable**" or "**readily achievable**" are site-dependent and vary based on

the owner's financial status. The ADA requirements could require removal of access barriers at significant cost, and could result in the imposition of fines by the federal government or an award of damages to private litigants. Attorneys' fees may be awarded to a plaintiff claiming ADA violations. State and federal laws in this area are constantly evolving, and could evolve to place a greater cost or burden on the tenant in common purchasers or the Rollup Entity. While the Managers will attempt to obtain information with respect to compliance with the ADA, there can be no assurance that ADA violations do not or will not exist at the Property. If other violations do exist, there can be no assurance that there will be funds to pay for any necessary repairs.

- 20) **Limited Assignability.** Each subscriber will be required to represent that the purchase of their membership interests in a Co-Owner will be for investment purposes only and not with a view towards the resale or distribution thereof. Membership interests may not be assigned without the consent of the Managers, and without compliance with the right of first refusal to be contained in the operating agreements for the Co-Owners or the Rollup Entity. Furthermore, an Investor may not pledge, or grant a security interest in their Membership Interests. Under the operating agreement, an assignment of Membership Interests shall not be permitted if that assignment (i) would cause a Co-Owner to terminate for Federal income tax purposes; (ii) would violate certain restrictions on assignment now or hereafter imposed under the Operating Agreement to preserve the status of the Co-Owners as a partnership for Federal income tax purposes, or (iii) would violate Federal or state securities laws. No assignee may be admitted as a substituted Member without the consent of the Managers. In addition, a Member shall have no right to withdraw any part of their capital contributions to a Co-Owner. There are likely to be substantial adverse Federal income tax consequences in connection with the assignment of membership interests, and holders of the membership interests are advised to consult with their tax advisors prior to any such assignment. Also, in certain states, assignees of membership interests may be required to meet certain suitability requirements.
- 21) **Liability of Members/Risk as to Return of Distributions.** In general, members of the Co-Owners or the Rollup Entity may be liable for the return of a distribution to the extent that the Member knew at the time of the distribution that after such distribution, the remaining assets of the Company would be insufficient to pay the then outstanding liabilities of the tenant in common purchasers (exclusive of liabilities to Members on account of their limited liability company interests and liabilities for which the recourse of creditors is limited to specified property of the limited liability company). Otherwise, members are generally not liable for the debts and obligations of a Co-Owner beyond the amount of the capital contributions they have made or are required to make under the operating agreement.
- 22) **Limitation of Liability/Indemnification of the Managers.** The Managers and its attorneys, agents and employees may not be liable to the Investors or the Members of any Co-Owner or the Rollup Entity for errors of judgment or other acts or omissions not constituting fraud, gross negligence or willful misconduct as a result of certain indemnification provisions in the operating agreement. A successful claim for such indemnification would deplete the tenant in common purchasers' and/or the Rollup Entity's assets by the amount paid.
- 23) **Offering Not Registered with the US Securities and Exchange Commission ("SEC") or State Securities Authorities.** This offering will not be registered with the SEC under the Securities Act of 1933 as amended (the "Securities Act") or the securities agency of any state, and is being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to investors meeting the suitability requirements set forth herein.

- 24) **Private Offering – Lack of Agency Review.** Because this offering is a nonpublic offering and, as such, is not registered under federal or state securities laws, Investors will not have the benefit of a review of the offering or this Memorandum by the SEC or any state securities commission. The terms and conditions of the offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with the SEC or any state securities commission.
- 25) **Private Offering Exemption – Compliance with Requirements.** The membership interests are being offered to, and will be sold to, Investors in reliance upon a private offering exemption from registration provided in the Securities Act. If the tenant in common purchasers should fail to comply with the requirements of such exemption, the Members would have the right to rescind their purchase of their membership interests if they so desired. It is possible that one or more Members seeking rescission would succeed. This might also occur under applicable state securities or “blue sky” laws and regulations in states where the Membership Interests will be offered without registration or qualification pursuant to a private offering or other exemption. If a number of Members were successful in seeking rescission, the remaining members and the Managers would face severe financial demands that would adversely affect the remaining Members as a whole and, thus, the investment in the membership interests by the remaining Members.
- 26) **Private Offering Exemption – Limited Information.** Because the offering of the membership interests is a nonpublic offering, certain information that would be required if the Offering were not so limited has not been included in this Memorandum, including, but not limited to, financial statements and prior performance tables. Thus, Investors will not have this information available to review when deciding whether to invest in membership interests.
- 27) **General Tax Risks.** There are substantial risks associated with the federal income tax aspects of an investment in the tenant in common purchasers. In addition to continuing IRS reexamination of the tax treatment of partnerships, the income tax consequences of an investment in the tenant in common purchasers are complex, and recent tax legislation has made substantial revisions to the Code. Many of these changes, including changes in the taxation of limited liability companies and their members, affect the tax benefits generally associated with an investment in a limited liability company. Because the tax aspects of this offering are complex, and certain of the tax consequences may differ depending on individual tax circumstances, each Investor is urged to consult with and rely on his or her own tax advisor concerning this offering’s tax aspect and his or her individual situation. **No representation or warranty of any kind is made with respect to the IRS’s acceptance of the treatment of any item by the Company or by an Investor.**
- 28) **Changes in Tax Laws.** The discussions of the federal income tax aspects of this offering are based on current law, including the Internal Revenue Code of 1986, as amended, the regulations issued thereunder, certain administrative interpretations thereof and court decisions. Consequently, future events (including those arising from expiration of current tax laws, legislative and administrative proposals that could occur and/or are or in the future may be under consideration) that modify or otherwise affect those provisions may result in treatment for federal income tax purposes of the Co-Owners and its Members that are materially and adversely different from that described in this Memorandum, both for taxable years arising before and after such events. Neither the Co-Owners nor the Managers can guaranty that future legislation and administrative interpretations will not be retroactive in effect.
- 29) **Risks regarding the Distribution of the IRS Schedule K-1 Tax Form.** Following a future Rollup, although the Managers will make every effort to complete and distribute to Investors their individual K-1 tax forms in a timely manner, there is no guarantee that in each tax year these forms

can or will be completed in time for the investors to file their taxes on or prior to the general April 15 tax deadline. In the event that such K-1s are not completed in a timely manner prior to the April 15<sup>th</sup> tax deadline, it is possible that Investors may have to file an extension to complete their tax returns.

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

**GENERAL METHODOLOGY USED FOR FINANCIAL FORECASTS OF OPERATION OF  
BOULDER CROSSING FOR THE PERIOD FROM  
JANUARY 1, 2024 THROUGH DECEMBER 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 in January 2024. The annual periods in the forecasts are from January through December.

**Acquisition:** The Property is anticipated to be purchased for a total first year projected cost of \$11,824,049. The purchase price is \$10,375,000. The closing date is expected to be on or about October 16, 2023.

**Invested Capital:** The total Invested Capital is \$11,824,049 and will be funded at closing.

**Financing:** The Financial Forecast includes a financing for Property as of the beginning of the 3<sup>rd</sup> year of operation. The loan terms are as follows: loan amount of \$5,706,250, 55% loan to value ratio, 6.00% fixed interest rate and interest-only.

**Income:** The physical occupancy and economic occupancy of the Property is currently 91.8% and 91.8% occupied and leased to 15 tenants. The leases from these tenants are projected in the first year of operation to generate a net cash flow, before reserves, of approximately \$828,361.

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

**Occupancy** The going-in economic occupancy rate after closing is assumed to be 91.8% with an average ten-year economic occupancy rate of 92.1%

**Management** American Nevada Realty will be paid a property management fee equal to 3.0% of the total revenue for such management services.

**Asset Management Fees:** Time Equities, Inc. will be paid a 1.5% asset management fee.

**Market Leasing and Rent Assumptions:**

Below are the rent assumptions utilized in the Financial Forecast.

Tenant	Rent Assumptions					
	Market Rent	Term	Downtime	Months For Rent Abatement	Leasing Commission	Renewal Probability
Outparcels	\$30.00	5 Years	9 Months	4 New/2 Renewal	6% (New) / 3% (Renew)	75%
In-Line < 2,500 SF	\$21/\$23	5 Years	12 Months	4 New/2 Renewal	6% (New) / 3% (Renew)	75%
In-Line < 5,000 SF	\$19/\$21	5 Years	12 Months	4 New/2 Renewal	6% (New) / 3% (Renew)	75%
Planet Fitness	\$11.40	5 Years	12 Months	6 New/4 Renewal	6% (New) / 3% (Renew)	75%

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

**Working Capital and Reserves:**

Part of the Invested Capital, in the amount of \$155,625, is estimated to be used to fund a working capital or reserve fund. The working capital and reserves are not utilized in the Financial Forecast over the ten (10) year forecast period.

**Projected Reduction In Invested Capital:**

From the projected loan refinancing in beginning of the 2<sup>nd</sup> year, the Invested Capital is projected to be reduced from \$11,824,049 to \$6,253,393.