

Project Supplement No. 10
(Dated July 12, 2024)
to the Supplement
of TEI Diversified Income & Opportunity Fund VI, LLC,
dated March 1, 2022

This Project Supplement No. 10 (this “**Supplement**”) dated July 12, 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 9 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 Big Flats Commons located at 950 Route 64, Big Flats (Elmira), New York (the “**Property**”)

Acquisition and Business Plan

Big Flats Commons is an open-air retail strip center. The overall center is anchored by a Target however the property on which the Target is located is not part of the purchase of the Property and will not be owned by the Big Flats TIC (as hereinafter defined). The Property totals 44,590 square feet on 6.59 acres of land and is currently 90.50% occupied. The property benefits from excellent ingress and egress a high-traffic commuting corridor. According to U.S Census data, the surrounding neighborhood has an average household income of \$72,449 and 38,102 people within 5 miles. The site also benefits from vehicular traffic of approximately 30,000 vehicles per day.

The Property consists of 39,704 SF of inline retail, and 4,886 SF of outparcel retail for a total of 44,590 SF on a 6.59-acre site. The Property currently contains 9 tenants and is 90.50% occupied. The largest tenants is Best Buy, and other national & regional tenants include: Maurice's, Five Guys, Panera Bread, Vitamin Shoppe, Papa John's, Southern Tier Medical, Wild Birds & Mi Nails also occupy the center.

The Seller of the Property is NNN TRS, Inc., a subsidiary of the publicly traded NNN REIT.

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

The purchase price for the property is \$6,500,000, which reflects a cost of \$146 per square foot, and a projected going-in cap rate on the purchase price of approximately 8.6% before reserves for capital expenses, tenant improvements and leasing commissions. The closing date for the purchase of the Property was June 19, 2024.

The total Invested Capital raise pursuant to this offering is \$7,589,664. The Fund invested \$1,163,296 of total invested capital for a 37.0193% membership interest in Big Flats TEI Equities LLC (as further described below), which acquired a 41.4037% undivided tenant in common ownership interest in the Property.

The Property was purchased by Big Flats TEI Equities LLC, Big Flats TEA LLC LLC, Big Flats CEG I LLC, Big Flats Commons CEG III LLC, Big Flats Patria Lane LLC, and Big Flats Westfield Commons LLC, as a tenancy in common (“**TIC**” or “**Big Flats TIC**”) (collectively, the “**Owner**”) on June 21, 2024. The managers of each Owner are Francis Greenburger and Robert Kantor as the “**Managers**”.

Big Flats Commons Building Description:

EXTERIOR:	The exterior walls consist of split-faced and smooth concrete masonry units (CMU) and exterior insulation and finish system (EIFS) The soffits and trim consist of aluminum. The building features typical aluminum and glass, storefront doors and associated window systems. The windows are non-opening. Service doors are metal in metal frames. The loading/ receiving dock doors are standard metal roll-up doors.
SUPERSTRUCTURE:	The buildings are of steel and concrete masonry unit (CMU) construction. The CMU exterior walls serve as the load bearing frame for the building.

ROOFING SYSTEM: The roofing systems are flat and covered with a Thermoplastic polyolefin (TPO) single-ply roofing membrane or an ethylene propylene diene monomer (EPDM) membrane with standing seam metal roofing panels along the front elevation of the south building.

Gutters are located along the rear perimeters which lead to downspouts that discharge into the municipal storm water system or landscaped or paved areas near the buildings.

The parapet walls are extensions of the perimeter walls and are capped with aluminum coping

HVAC: Heating and cooling are provided by roof-mounted, gas-fired/electric package units. Nineteen (19) 5 to 10-ton units either Lennox or Carrier

SECURITY FIRE & SAFETY: Hard-wired smoke detectors were present in each of the tenant spaces.

The building is fully sprinklered with a wet-type system with five sprinkler riser rooms. The system is pressurized by township/city pressure. The fire sprinkler system is complete with backflow prevention assemblies and tamper and flow alarms which were reported to be monitored and inspected by Davis Ulmer Fire Protection. The posted date of inspection was June 20, 2023. Siamese fire department connections to the automatic sprinkler systems are located along the facades of the building and near fire corridors at strategic locations

PARKING: There are approximately 282 onsite parking spaces, 8 of which are ADA parking spaces.

UTILITIES: Electricity – New York State Electric & Gas (NYSEG)

Gas – New York State Electric & Gas (NYSEG)

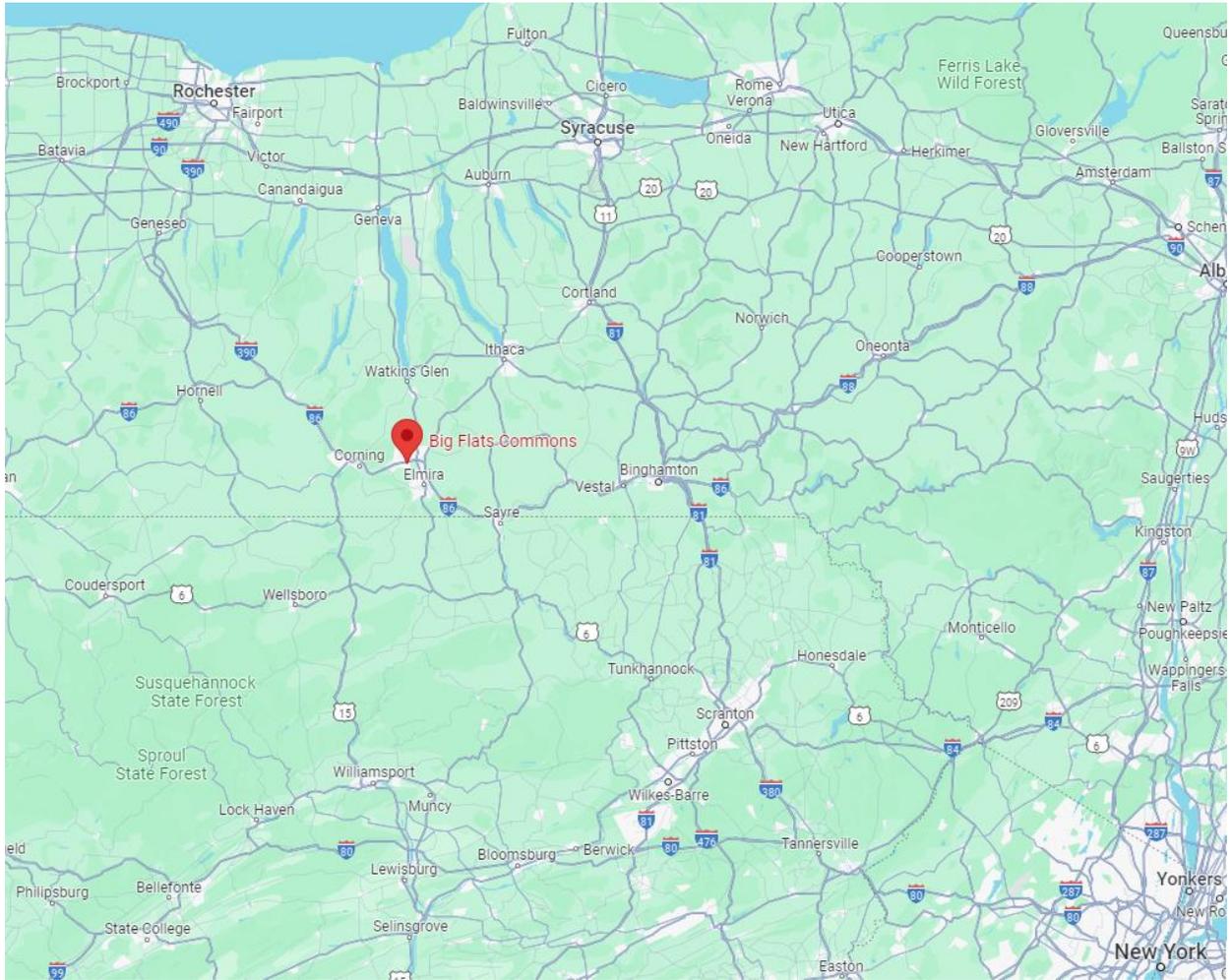
Water – Town of Big Flats

Sewer – Cassella and Fosters

Aerial View & Site Plans



Regional Description and Property Location



The Property is located along Big Flats Road, just off exit 51A of Interstate 86 (Southern Tier Expressway) in Chemung County, Elmira, New York.

Elmira is a city and the county seat of Chemung County which has a population of 84,148 as of the 2020 census. It is located approximately 30 miles southwest of Ithaca, 65 miles west of Binghamton and is about 20 miles north of the Pennsylvania border. It is considered part of the Finger Lakes region in New York. Per DATA USA, median household income in Chemung County is \$58,175. Major industries in the area are Healthcare (17.8%), Educational Services (10.6%), Manufacturing (14.8%), and Retail (12.5%).

Market and Submarket

The property is consider part of the Elmira market and is well situated along Big Flats Road, the major retail node servicing the County. Per Costar, the Elmira retail market contains approximately 6.8 million square feet of inventory with a current vacancy rate of 5.4%. The current vacancy is 1.7% in general retail buildings, 9.7% in malls, 6.1% in power centers, no vacancy in strip centers and 10.7% in neighborhood centers. Average asking rents across all retail asset classes in \$13.80/SF.

Major tenants in the immediate submarket consists of Target, Walmart, Sam’s Club, Lowe’s, Barnes and Noble, Hobby Lobby, Sportsman’s Warehouse, TJ Maxx, Petco, Staples, Party City, Kohl’s, and Dick’s Sporting Goods among many others.

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	PSF	Annual	PSF
Best Buy	20,074	7/1/2006	3/31/2027	\$250,925	\$12.50	\$373,910	\$18.63
Panera	4,300	8/10/2006	12/31/2026	\$134,461	\$31.27	\$161,774	\$37.62
Maurices	4,566	7/19/2007	8/31/2027	\$97,986	\$21.46	\$126,988	\$27.81
Five Guys	2,500	12/1/2011	11/30/2028	\$76,533	\$30.61	\$92,412	\$36.96
Vitamin Shoppe	2,406	1/1/2013	1/31/2028	\$66,959	\$27.83	\$82,259	\$34.19
Mi Nails	1,721	4/1/2011	4/30/2026	\$26,711	\$15.52	\$37,642	\$21.87
Wild Birds Unlimited	1,715	12/1/2022	12/31/2027	\$25,725	\$15.00	\$36,618	\$21.35
Schweiger Dermatology Group	1,588	1/20/2011	1/31/2028	\$22,296	\$14.04	\$32,382	\$20.39
Papa John's	1,500	1/25/2019	1/31/2029	\$21,450	\$14.30	\$30,865	\$20.58
TOTAL	40,370			723,046	\$17.91	974,850	\$24.15

Lease Rollovers

There are no leased spaces expiring during calendar year 2024 and 2025 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 2026-2030:

Calender Year	SF Expiring in Calender Year	% of Total Rentable SF
2026	6,021	13.50%
2027	26,355	59.11%
2028	7,994	17.93%
2029	0	0.00%
2030	0	0.00%

Estimated Sources and Uses for the Invested Capital

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

SOURCES	
Invested Capital	\$ 7,589,664
Total	\$ 7,589,664

USES	
Purchase Price	\$ 6,500,000
Acquisition Fee	\$ 130,000
Legal Fees	\$ 50,000
Due Diligence Costs	\$ 20,000
Title Insurance	\$ 15,000
Survey	\$ 5,000
Working Capital & Reserves	\$ 787,374
Incremental Lease-Up Costs	\$ 82,290
TOTAL PROJECT COSTS	\$ 7,589,664

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

Working Capital and Reserves	\$ 787,374
Incremental Lease-Up Costs	\$ 82,290
Total	\$ 869,664

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 June 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 a roof reserve of \$401,310 (\$9/SF) as well as a reserve of \$288,564 for free rent and leasing commission projected to be needed to renew Best Buy in Year 3 of the analysis. We have used a higher roof reserve figure than indicated in the third party property condition report based on our experience of recent roof replacement costs in the current economic environment. Additionally, the forecast

includes \$82,290 in reserves for anticipated leasing and tenant improvement costs to lease 4,220 S.F. that is currently vacant.

The Financial Forecast includes a projected mortgage financing beginning in the 2nd year of operation based on the following projected loan terms:

Loan Amount: \$3,900,000

Loan to Value Ratio: 60%

Interest Rate: 7.0%

Monthly Payments: \$22,750 interest only

Loan Closing Costs: \$108,500

Use of Loan Proceeds: The net loan proceeds of \$3,900,000 is projected to be used to reduce Invested Capital from \$7,589,664 to \$3,791,500.

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 1st Year and leveraged basis for the 2nd through 10th 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	7.97%	9.46%	9.43%	9.16%	9.54%	10.19%	10.10%	9.79%	6.38%	11.98%

The Financial Forecast for the Property projects an average annual return over 10 years from net cash flow at 9.4%.

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 Big Flats 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 Big Flats 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
90.5%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	86.7%	95.0%

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

Additional Reserves for Capital Improvements, Tenant Improvements and Leasing Commissions

The Financial Forecast also includes an annual capital reserve of \$13,377 (\$0.30 PSF), average annual reserves for tenant improvements of \$9,194 (\$0.22 PSF) and average annual reserves for leasing commissions of \$26,438 (\$0.61 PSF). All of such reserves are projected to be funded from the operating income of the Property.

In addition to the annual reserves projected above we have an upfront reserve of \$250,925 in free rent (12 months) and \$37,639 in leasing commission in anticipation of the Best Buy renewal in 2026. Additionally, we have reserved \$63,300 in tenant improvements/free rent and \$18,990 in leasing commission in order to fund the lease up of the currently vacant 4,220 square foot suite.

Projected Reductions in Invested Capital

The total Invested Capital of \$7,589,664 is estimated to be reduced from the projected Refinancing in the 2nd year of operations to \$3,798,164. The Projected Returns in the Financial Forecast, starting in the 2nd year of operations, are calculated utilizing the estimated reduced Invested Capital of \$3,798,164. There is no guarantee as to whether or not the Big Flats 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 Big Flats TIC during the 10-year Financial Forecast.

Year	Invested Capital	Return of Capital	Remaining Invested Capital
Year 1	\$7,589,664	\$0.00	\$7,589,664
Years 2-10	\$7,589,664	\$3,791,500	\$3,789,164

Working Capital

The Financial Forecast includes working capital and reserves of \$97,500 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 Stephens Enterprise at a property 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 NV5 for the Property in April of 2024. The purpose of the report was to establish the current condition of the Property and to budget required repairs and improvements that may have to be completed over the next 10 years. The budget for the Property prepared by NVA is divided into the estimated costs for immediate, short term, and the remaining repairs and improvements over a ten (10) year period following Closing. The following is a chart in which NV5 aggregated the estimated costs and projected time periods for the suggested repairs and improvements:

Construction System	Good	Fair	Poor	Action	Immediate	Short Term	Over Term Years 1-10
<u>3.1</u> Topography and Drainage	X			None			
<u>3.2</u> Paving and Curbing	X	X		Repair/ Refurbish			
<u>3.3</u> Flatwork	X			None			
<u>3.4</u> Landscaping and Appurtenances	X			None			
<u>4.1</u> Substructure	X			None			
<u>4.2</u> Superstructure	X			None			
<u>4.3</u> Roofing	X			Replace			\$225,000
<u>4.4</u> Facades	X	X		Refurbish			
<u>5.1</u> Finishes	X			None			
<u>5.2</u> Fixtures	X			None			
<u>6.1</u> Plumbing	X			None			
<u>6.2</u> Heating, Ventilation and Air Conditioning	X	X		Replace			
<u>6.3</u> Electrical	X			None			
<u>8.1</u> Life Safety Systems	X			None			
<u>8.2</u> ADA Issues	X			None			
<u>8.3</u> Microbial Contamination (Mold)	X			None			
Totals					\$0	\$0	\$225,000

Summary	Today's Dollars	\$/SF
Immediate Repairs	\$0	\$0.00

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

	Today's Dollars	\$/SF	\$/SF/Year
Replacement Reserves, today's dollars	\$225,000.00	\$5.04	\$0.50

Capital Reserve Schedule

Big Flats Commons
 950 County Road 64
 Chemung County, Big Flats, New York 14903

Item	EUL	EFF AGE	RUL	Quantity	Unit	Unit Cost	Cycle Replace	Replace Percent	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total Cost
4.3 Roofing																			
Roof membrane - Replace (South Building)	25	18	7	40,000	SF	\$5.00	\$200,000	100%							\$200,000				\$200,000
Roof membrane - Replace (Northeast Building)	25	17	8	5,000	SF	\$5.00	\$25,000	100%								\$25,000			\$25,000
Total (Uninflated)									\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$200,000.00	\$25,000.00	\$0.00	\$0.00	\$225,000.00
Inflation Factor (3.0%)									1.0	1.03	1.061	1.093	1.126	1.159	1.194	1.23	1.267	1.305	
Total (inflated)									\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$238,810.46	\$30,746.85	\$0.00	\$0.00	\$269,557.31
Evaluation Period:									10										
# of SF:									44,635										
Reserve per SF per year (Uninflated)									\$0.50										
Reserve per SF per year (Inflated)									\$0.60										

Based on the Property Condition Report prepared by NV5 for the Property, it is projected that \$225,000 will be utilized to complete capital improvements for the Property over the 10-year forecast period. \$225,000 will be used for roof repairs. The Financial Forecast also includes an annual capital reserve of \$13,377 (\$0.30 PSF), average annual reserves for tenant improvements of \$9,194 (\$0.22 PSF) and average annual reserves for leasing commissions of \$26,438 (\$0.61 PSF) over the ten (10) year forecast period in the aggregate total amount of \$490,094. Such capital improvement reserve is projected to be funded from the operating income. In addition, we have an upfront roof reserve of \$401,310 and additional upfront leasing reserves of \$370,854. In order to be conservative, we utilized a roof reserve figure that is in-line with a recent experience of roof replacement costs across our portfolio. Our reserve amount of \$401,310 is greater than the \$225,000 indicated in the third party report. There is no guaranty as to the adequacy of the operating income to cover required capital improvements over the ten (10) years forecast period.

Environmental Condition

A Phase I ESA was prepared by NV5 for the Property in April 2024. In the Phase I, AEI concluded the following:

- This assessment has revealed no evidence of recognized environmental conditions in connection with the property. No further action is recommended at this time.

SOME RISK FACTORS TO BE CONSIDERED

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

- 3) **Mortgage Risk.** The Financial Forecast includes a projected Acquisition Loan in Year 2. 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 7.00% 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 NV5 for the Property, it is projected that \$225,000 will be utilized to complete capital improvements for the Property over the 10-year forecast period. \$225,000 will be used for roof repairs. The Financial Forecast also includes an annual capital reserve of \$13,377 (\$0.30 PSF), average annual reserves for tenant improvements of \$9,194 (\$0.22 PSF) and average annual reserves for leasing commissions of \$26,438 (\$0.61 PSF) over the ten (10) year forecast period in the aggregate total amount of \$490,094. Such capital improvement reserve is projected to be funded from the operating income. In addition, we have an upfront roof reserve of \$401,310 and additional upfront leasing reserves of \$370,854. There is no guaranty as to the adequacy of the operating income to cover required capital improvements over the ten (10) year 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 90.54% 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 93.7%. 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 BIG FLATS 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 BIG FLATS 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 BIG FLATS TIC, the quality of the surrounding area and a variety of other factors. The success of the BIG FLATS 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 BIG FLATS 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 BIG FLATS 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 BIG FLATS TIC may

lose all or part of its investment. The BIG FLATS 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 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 FORECASTS OF OPERATION OF
BIG FLATS COMMONS 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 was purchased for a total first year projected cost of \$7,589,664. The purchase price is \$6,500,00. The closing date was June 21st, 2024.
- Invested Capital:** The total Invested Capital is \$7,589,664 and was funded at closing.
- Financing:** The Financial Forecast includes a financing for Property as of the beginning of the 2nd year of operation. The loan terms are as follows: loan amount of \$3,900,000, 60% loan to value ratio, 7.00% fixed interest rate and interest-only.
- Income:** The physical occupancy and economic occupancy of the Property is currently 90.5% and leased to 9 tenants. The leases from these tenants are projected in the first year of operation to generate a net cash flow, before reserves, of approximately \$652,797.
- Expenses:** Property expenses are increased at 3% per annum.
- Occupancy** The going-in economic occupancy rate after closing is assumed to be 90.5% with an average ten-year economic occupancy rate of 93.7%
- Management** Stephens Enterprises 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	\$31.00	5 Years	9 Months	4 New/2 Renewal	6% (New) / 3% (Renew)	75%
In-Line	\$13-15	5 Years	9 Months	4 New/2 Renewal	6% (New) / 3% (Renew)	75%
End-Cap	\$28	5 Years	9 Months	4 New/2 Renewal	6% (New) / 3% (Renew)	75%
Anchor	\$12.50	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 \$97,500, 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 2nd year, the Invested Capital is projected to be reduced from \$7,589,664 to \$3,791,500.