

Project Supplement No. 3
(Dated November 15, 2022)
to the Supplement
of TEI Diversified Income & Opportunity Fund VI, LLC,
dated March 1, 2022

This Project Supplement No. 3 modifies and supplements the Supplement of TEI Diversified Income & Opportunity Fund VI, LLC, dated March 1, 2022 (the “**Memorandum**”), as previously amended by Supplements No. 1-2, which should be read in conjunction with the Memorandum (including but not limited to the Special Risk Section in the Memorandum). Terms with initial capitals, not otherwise defined in Project Supplement No. 3, have the meanings set forth in the Memorandum.



Supplement

This Project Supplement pertains to the acquisition of the Arlington Town Square Main located at 3-51 & 55-89 Evergreen Ave. and 40-88 Arlington Heights Rd (the “Property”)

Acquisition and Business Plan

The Arlington Towne Square is part of a suburban downtown mixed-use transit-oriented development consisting of three individual properties located within one-block of each other. The portfolio total 136,970 square feet and are currently 82% occupied and are located two blocks from the 5th busiest suburban METRA train stop in Chicago. The surrounding neighborhood has an average household income of \$158,000, with 315,000 people within 5 miles. The site also benefits from vehicular traffic of 37,000 vehicles per day.

The Property consists of 65,390 SF ground floor retail, 5,787 SF first floor office space, and 31,356 SF second floor office space for a total of 102,533 SF on a 3.57-acre site. Arlington Town Square Main contains 32 tenants and is 98% occupied. The largest tenants are @Properties, Passero, Augmedics, Loft, and Athletico. There is a public parking garage below the site that offers dedicated parking for the center as well as adjacent luxury residential condo units which are not part of the Property.

The purchase price for the Property is \$16,983,898, which reflects a cost of \$166 per square foot, and a projected going-in cap rate on purchase price of approximately 8.0% before reserves. The closing date for the purchase of the Property is projected to be on or about November 14, 2022.

The Property will be purchased by a tenancy-in-common consisting of newly created Illinois limited liability companies (such tenancy in commons is referred to the “Arlington Main TIC”). The Managers of each of the tenant in common owners will be Francis Greenburger and Robert Kantor (collectively the “Managers”).

At Closing, an affiliate of the Sponsor will be purchasing the Annex portion and theater parcel of Arlington Town Square from the Seller for an all cash purchase price of \$1,566,102. As of Closing, the theater parcel is part of the Property. It is the intention of the Arlington Main TIC after Closing to subdivide the Property to allow for the theater portion of the Property to be transferred to the affiliate. Such affiliate will be entering into an agreement with the Arlington Main TIC at Closing, whereby the affiliate will be deemed to own and operate the theater portion of the Property until such time as the subdivision occurs. The affiliate, pursuant to such agreement, will agree to pay the to the Arlington Main TIC, the theater’s pro-rata share of common area expenses for the Property. The affiliate will pay approximately \$278,870 in the first year of operation under such agreement to the Arlington Main TIC. Upon the subdivision and transfer, all necessary easements will be recorded against the Property and the theater parcel, allowing vehicular traffic to access a shared common area, and which will provide for the cost to maintain such area to be split amongst the properties.

The Seller of the Property is Hutensky Capital Partners, a real estate fund located in Hartford, CT.

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

For the closing, the Property plans to obtain an acquisition loan for the Property in the amount of \$10,350,000.

Arlington Main Building Description:

EXTERIOR:	The exterior walls consist of brick.
SUPERSTRUCTURE:	The building foundation includes concrete perimeter walls, presumably on spread footers, interior concrete columns and concrete beams. Some

of the buildings may be founded on shallow footings with grade beams under concrete floor slabs. A subgrade parking structure is present which is owned and maintained by the municipality

The buildings are of steel frame construction

ROOFING SYSTEM: Open-web steel joists/Steel I-beams support metal-pan decking. The roofing systems are flat. The roof over the two-story building and the annex are covered with TPO membranes. The other roofs appear to have a modified bitumen roof with a gravel topping.

HVAC: Roof-mounted, gas-fired package units provide heating and cooling. Manufacturer, size and age vary widely. A grease extractor range hood is present above the restaurant in the two-story building

SECURITY FIRE & SAFETY: Hard-wired smoke detectors with a battery backup were present throughout, including tenant spaces. A fire alarm panel is present in each building.

The buildings are 100% sprinkled with a combination wet and dry-type fire suppression sprinkler system. Riser rooms and fire alarm control panels are present in each building, however, all air and water comes from the basement (parking level) of the two-story building. Fire suppression heads are located in the exhaust hoods above the cooking areas and the chemical tanks are mounted adjacent to the hoods

Emergency strobe lights, and audible/visual alarms and pull stations are present throughout the building. Fire hydrants are strategically placed throughout the Property. Portable fire extinguishers are located throughout.

PARKING: 50 spaces including 3 parking spaces which are designated as ADA accessible.

UTILITIES: Electricity – ComEd

Gas – Nicor

Water – Village of Arlington Heights

Sewer – Village of Arlington Heights

Aerial View & Site Plans





TENANTS

E3	Passero	6,071	E69	Keswick Jewelers	2,775	C100	Arlington Capital	5,787
E11	Compass	3,681	E81	American Family	571	C200	Pending Tenant	10,507
E17	CorePower Yoga	5,238	E89	Sola Salon Studios	5,816	C205	Adv. Periodontics	4,659
E23	LOFT	5,898	A40	allThai	3,011	C310	Sedgwick Advisors	2,622
E27	Premiere Martial Art	2,352	A90	Huntington Learning	2,164	C220	Donald Gaddis	1,625
E31	@Properties	3,681	A56	Back to Nature	1,499	C230	Augmedics	4,215
E33	Starbucks	1,229	A58	Assure Vision	1,663	C340	@Properties	4,293
E37	RE-Medspa	1,152	A60	Wild Fish	2,496	C350	Edward Jones	1,204
E41	Bath & Body Works	2,350	A66	Noodles & Company	2,270	C260	Augmedics	2,231
E45	UBREAKFIX	842	A70	The Salt Escape	1,997			
E47	Sport Clips	1,460	A76	Mochinut	1,602			
E53	Available	23,092	A88	Athletico	5,432			

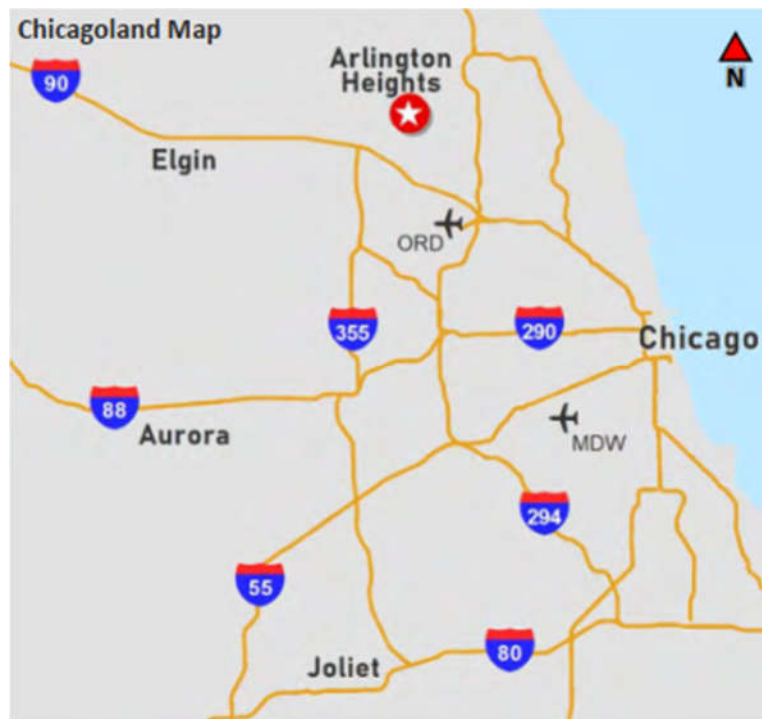
SUMMARY OF OWNED

Leased SF	92,026	73.3%
Available SF	33,566	26.7%
Total SF	125,592	100.0%

KEY

	LEASED
	AVAILABLE

Regional Description and Property Location



The Property is located in Arlington Heights, Illinois along four main downtown thoroughfares.

Arlington Heights, IL is an affluent village located in Cook County. It has a population of 77,676 (2020) making it the fifteenth largest municipality in Illinois pursuant to 2020 Census data. Arlington Heights is home to a diverse economy that includes healthcare, retail, entertainment and hospitality. The largest employers in the village are Northwest Community Healthcare, Clearbrook, Lutheran Home, Paddock Publications, Alexian Brothers Health System and Kroeschell Inc.

Arlington Heights boasts one of the most vibrant suburban downtown settings in the Chicago Area. It features the 5th busiest Chicago suburban Metra station, a dense multi-family residential base, architecturally significant municipal facilities, and numerous restaurant, entertainment and shopping options.

The village has seen several high-profile developments in the past year. Arlington International Racecourse is in the process of being bought by the Chicago Bears as a potential site for a new home stadium according to a news release by the Arlington Heights Village Board. In December 2021, United Airlines purchased a 200,000 SF complex and announced they were moving 900 employees from downtown Chicago to Arlington Heights and making the village their primary “nerve center” with plans to grow the number of employees at the complex in the future

Market and Submarket

The Property is part of the suburban downtown Arlington Heights retail submarket.

Tenants

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

Property	Tenant	End Date	S.F.	Base Rent	Gross Rent	% of Gross Rent
ATS Main	@Properties	2/28/2026	8,114	\$197,870	\$245,435	8.16%
ATS Main	PASSERO	5/31/2027	6,071	\$139,359	\$221,735	7.37%
ATS Main	Augmedics	2/28/2025	6,446	\$148,506	\$198,350	6.60%
ATS Main	LOFT (Ann Taylor)	1/31/2024	5,898	\$110,400	\$186,541	6.20%
ATS Main	Athletico	11/30/2026	5,432	\$112,673	\$186,379	6.20%
ATS Main	Pending Tenant	12/31/2032	10,507	\$183,873	\$183,873	6.12%
ATS Main	SOLA	11/17/2028	5,816	\$153,518	\$153,518	5.11%
ATS Main	CorePower Yoga	11/30/2023	4,857	\$88,891	\$147,092	4.89%
ATS Main	Compass Realty	7/31/2028	3,681	\$94,648	\$143,807	4.78%
ATS Main	Arlington Capital Management	2/28/2026	5,787	\$123,726	\$130,919	4.35%
ATS Main	altThai	7/31/2032	3,011	\$76,781	\$114,202	3.80%
ATS Main	7. Advanced Periodontics	8/31/2028	4,659	\$106,536	\$113,010	3.76%
ATS Main	38. Keswick Jewelers	7/31/2024	2,775	\$66,961	\$101,505	3.38%
ATS Main	22. Bath & Body Works (Option 1)	4/30/2028	2,350	\$51,700	\$83,084	2.76%
ATS Main	44. Noodles & Company	12/31/2027	2,270	\$49,940	\$82,898	2.76%
ATS Main	36. Huntington Learning Center	4/30/2032	2,164	\$48,329	\$74,194	2.47%
ATS Main	74. Wild Fish Restaurant	1/31/2025	2,496	\$39,728	\$70,799	2.35%
ATS Main	15. Assure Vision	12/31/2026	1,663	\$38,814	\$65,123	2.17%
ATS Main	61. Starbucks	2/28/2025	1,229	\$43,015	\$58,744	1.95%
ATS Main	59. Sport Clips	3/31/2027	1,460	\$35,040	\$53,913	1.79%
ATS Main	54. Sedgwick Advisers LLC	11/30/2026	2,622	\$51,238	\$52,006	1.73%
ATS Main	42. Mochinut	7/31/2027	1,602	\$29,136	\$50,531	1.68%
ATS Main	50. Premier Martial Arts	9/30/2032	2,352	\$47,275	\$47,275	1.57%
ATS Main	20. Back to Nature	5/31/2024	1,499	\$19,750	\$45,144	1.50%
ATS Main	66. The Salt Escape	3/31/2025	1,997	\$40,040	\$40,040	1.33%
ATS Main	32. Donald Gaddis Co.	11/30/2025	1,625	\$38,495	\$39,149	1.30%
ATS Main	53. Re-Medispa	9/30/2026	1,152	\$22,598	\$36,565	1.22%
ATS Main	34. Edwards Jones	11/30/2025	1,204	\$29,286	\$32,943	1.10%
ATS Main	68. UBREAKIFIX	6/30/2025	842	\$21,235	\$32,660	1.09%
ATS Main	12. American Family Insurance	4/30/2025	571	\$8,358	\$15,466	0.51%
ATS Main	26. CorePower Addtl Premises	11/30/2023	381	\$0	\$0	0.00%

The Salt Escape is severely delinquent on rent and the Financial Forecast attached hereto assumes this space as vacant upon purchase of the Property.

Bath & Body Works and Ann Taylor LOFT have co-tenancy requirements in their leases, which allows them to reduce their rent to a percentage rent in lieu of fixed rent and/or if the co-tenancy persists for a certain period of time, terminate their lease if occupancy levels are significantly reduced or if the Theater (or a replacement tenant) are no longer in operation. The actual co-tenancy provisions vary for each such applicable tenant.

Bath & Body Works has claimed a co-tenancy default as of 1/31/21 resulting from the theater vacating their space. Tenant is currently paying reduced rent as set forth in their lease. The lease also states that if a co-tenancy default exists for more than 365 days, then tenant, for a period of ninety (90) days thereafter, shall have the right to notify landlord of tenant's intention to terminate this lease and shall give landlord sixty (60) days' notice of intention to so terminate. Provided, however, if the condition continues for more than one (1) year and tenant has elected to pay reduced rent, then landlord may, at any time thereafter, notify tenant to elect to terminate this lease or to return to full contractual rent.

Ann Taylor

If less than 50% of the rentable area (including the theater and the Property) is not open and operating tenant may cease conduct of business at the premises until co-tenancy is satisfied or commence payment of percentage rent (up to six months after notice to landlord) in lieu of fixed rent. Percentage rent pursuant to the Lease, is equal to 5% of gross sales.

There is no guaranty as to the amount of such reduction in gross rent that will occur while these tenants, with co-tenancy provisions, are paying percentage rent in lieu of fixed annual rent and as to the duration of such period until the required occupancy level can be achieved, where these tenants would go back to paying fixed annual rent under their leases.

It is the intention of the Arlington Main TIC to enter into lease amendments with Bath & Body Works and Ann Taylor to remove such co-tenancy provisions. It is not guaranteed that the Arlington Main TIC will be successful in amending such leases and removing the co-tenancy clause. The failure to remove the co-tenancy clauses from the Leases can negatively affect the cash available for distribution to Investors.

Lease Rollovers

The following is a listing of the square footage of leased space that expires during calendar years 2023-2027:

<u>Calendar Year</u>	<u>Square Footage that Expires During the Calendar Year</u>	<u>% of Total Rentable SF</u>
2023	5,238	5.1%
2024	10,172	14.3%
2025	16,410	16.0%
2026	24,770	25.6%
2027	11,403	16.6%

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	\$ 6,826,283
<u>Acquisition Loan</u>	<u>\$ 10,350,000</u>
Total	\$ 17,176,283

USES	
Purchase Price	\$ 16,983,898
Acquisition Fee	\$ 339,678
Mortgage Costs (including Lender Legal)	\$ 129,688
Title and Survey Costs	\$ 22,889
Due Diligence Costs	\$ 22,889
Legal Fees	\$ 82,402
Working Capital & Reserves	\$ 169,839
Closing Credit from Seller	\$ -\$575,000
TOTAL PROJECT COSTS	\$ 17,176,283

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

Mortgage Costs (including lender legal)	\$129,688
<u>Working Capital and Reserves</u>	<u>\$169,839</u>
Total	\$299,527

Each of the 1031 and/or 1033 Investors would have to separately fund their pro rata share of these costs at closing. If exchange proceeds are used to fund a 1031 or 1033 Investor's pro rata share of such ineligible costs, then such amounts funded with exchange proceeds would be taxable. Each such 1031 or 1033 Investor is urged to consult with their qualified intermediary, accountant and/or lawyer to ascertain the permissible uses for their exchange proceeds and the tax implications if they decided to use exchange proceeds for the above costs.

Acquisition Loan

The Arlington Main TIC has received a term sheet from Morgan Stanley (the "**Lender**") for an acquisition mortgage loan in the estimated amount of \$10,350,000. The terms of such acquisition loan, as reflected in such term sheet issued by the Lender, are as follows:

Loan Amount:	Up to \$10,350,000. Such loan amount shall be based on the loan to value ratio of 65%, a minimum debt yield of 12.9% and a DSCR of 2.58x.
Loan Term:	Ten years
Interest Rate:	The interest rate shall be based on the sum of (i) 240 basis points; and (ii) the 10 year SOFR. Such interest rate will

be fixed for the entire term shortly before the closing. The Financial Forecast estimates such interest rate at 6.25% per annum for the entire ten (10) year term.

Collateral:	First mortgage loan
Monthly Deb Service Payments:	Interest Only during the entire ten (10) year term.
Prepayment/Defeasance:	The loan may not be prepaid or defeased in whole or in part except: (a) the Borrower may defease the loan after the earlier of three and one half (3.5) years from the first monthly payment date, or (ii) two (2) years following the issuance by a securitization vehicle of CMBS for which the loan is part of the relevant pool, and (b) the borrower may prepay the loan, at par, at any time with no fee during the last three (3) months of the loan Term.
Escrows and Reserves:	<p><u>Real Estates Taxes and Insurance Premiums</u> Monthly and upfront deposits for real estate taxes shall be required.</p> <p><u>Immediate Repair Reserve</u> An upfront reserve shall be required for 125% of immediate repair items, as determined pursuant to Lender's review of the property condition report.</p> <p><u>Landlord Obligations</u> An upfront reserve shall be required for any outstanding landlord obligations at the time of closing, including free rent, gap rent, tenant improvements and leasing commissions.</p> <p><u>Replacement Reserve</u> Monthly reserve deposits may be required for periodic repairs, replacements and improvements over the term of the Loan, based on Lender's review of the property condition report. Replacement reserves will be no less than \$0.20 PSF per annum.</p> <p><u>General Leasing Reserve</u> Borrower shall make monthly deposits into the General Leasing Reserve account in the amount estimated to be \$2.00 PSF per annum. The General Leasing Reserve is capped at two (2) years' worth of collections.</p>
Cash Management:	All revenues from the Property will be deposited by tenants directly into an account under the exclusive control of Lender which is established by Borrower at a financial institution acceptable to Lender ("Restricted Account"). The Lender will receive a first priority pledge

of and perfected security interest in, the Restricted Account as additional security for the Loan

Prior to a Trigger Event (defined below), all funds on deposit in the Restricted Account shall be swept on each business day to an account designated by Borrower. During a Trigger Period (defined below) (a) all funds on deposit in the Restricted Account shall be swept on each business day to a cash management account held and controlled by Lender (the "Cash Management Account") and, (b) monthly debt service payments and Monthly Reserve Deposits (defined below) will be funded from the Cash Management Account on each monthly payment date thereafter before any excess cash ("Excess Cash Flow") is released to the Borrower; provided, however, that during the continuance of any Trigger Period, Excess Cash Flow will not be released to the Borrower but instead will be held by Lender as additional collateral for the Loan in accordance with the terms of the Loan Documents (except that if the sole Trigger Event is a DSCR Event then Lender will release a portion of such Excess Cash Flow to Borrower for the payment of Property-level operating expenses approved by Lender).

A "Trigger Event" shall occur upon (a) an Event of Default; and (b) the DSCR (assuming the actual loan constant) being less than 1.40x at the end of any calendar quarter (a "DSCR Event") based upon the trailing twelve (12) months ("T-12") operating statement and current in place rent roll. A "Trigger Period" shall occur upon the occurrence of a Trigger Event and shall continue until such time, if any, as (a) no Event of Default exists; and (b) if the Trigger Period was triggered by a DSCR Event, the DSCR (assuming the actual loan constant) has been at least 1.40x for the immediately preceding two (2) consecutive calendar quarters. Notwithstanding the foregoing, in lieu of a cash flow sweep in the event of a Trigger Period in connection with a DSCR Event, Borrower may post funds or a Letter of Credit ("LOC") with Lender in such an amount that when added to the existing NOI produces an NOI of 1.40x. This differential amount shall be returned to the Borrower when the DSCR is otherwise 1.40x for two (2) consecutive calendar quarters

Financial Forecast

Attached hereto as **Exhibit 1** is the ten (10) year Financial Forecast for the Property. The Financial Forecast contains projections for a ten (10) year period. There can be no assurance the Property will perform at the

levels assumed in the Projections. It is likely that actual results will vary from the amount shown in the projections.

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 Invested Capital on a leverage basis:

Returns on Invested Capital	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	8.37%	9.06%	8.03%	6.22%	8.63%	10.35%	11.68%	10.80%	9.05%	9.04%

The Financial Forecast for the Property projects an average annual levered return over 10 years from net cash flow at 9.12%.

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 Arlington Main 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 Arlington Main TIC to obtain the mortgage loan based on the terms as projected in the Financial Forecast. Any change in the loan amount, interest rate, and/or terms of such loan could have a material impact on the distributions to be made to Investors, either positively or negatively.

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
98.1%	99.0%	97.2%	92.9%	97.6%	99.0%	99.7%	97.1%	93.9%	93.3%

The above does not account for the termination rights for Ann Taylor, Bath and Body Works and Interstate.

The Financial Forecast also includes an annual credit loss factor of seven percent (7.0%). The projected property level returns are inclusive of this credit loss factor. The average economic 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
91.1%	92.0%	90.2%	85.9%	90.6%	92.0%	92.7%	90.1%	86.9%	86.3%

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 \$14,355 (\$0.14 PSF), average annual reserves for tenant improvements of \$27,614 (\$0.30 PSF) and average annual reserves for leasing commissions of \$75,384 (\$0.76 PSF). All of such reserves are projected to be funded from the operating income of the Property.

Working Capital

The Financial Forecast includes working capital and reserves of \$169,839 to be funded as part of the Invested Capital. The working capital is not utilized in the Financial Forecast over the ten (10) year forecast period.

Management and Leasing of the Property

It is anticipated that the Property will be asset managed by Time Equities Inc at a fee up to 1.50% of total revenue collection, and Property managed by Time Equities Inc. in cooperation with a local non-affiliated leasing and management company, at a management fee up to 4.0% of total revenue collections. Prodigy Real Estate Group (“Prodigy”) will be the local property manager, and Edgemark Commercial Real Estate Services LLC will be the local leasing agent, who will be entitled to leasing fees commensurate with the deals negotiated per a lease agreement.

Property Condition Report

A Property Condition Report was prepared by CRE ENVIRONMENTAL (“CRE”) for the Property in September of 2022. The purpose of the report was to understand 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 is divided into the estimated costs for immediate, short term, and the remaining repairs and improvements over the ten (10) year period. Attached hereto as Exhibit II is a chart in which CRE aggregated the estimated costs and projected time periods for completion.

The Immediate and Short Term repairs to be completed by the Arlington Main TIC in accordance with the CRE Report will be funded from the Capital Reserves after Closing.

Environmental Condition

A Phase I ESA was prepared by CRE for the Property in September 2022. In the Phase I, CRE 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.”

- CRE 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.
 - CRE 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.
 - CRE 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.
 - CRE did not identify any de minimis conditions at that the Subject Property.
- A business environmental risk (BER) refers to environmental concerns identified by CRE, which do not qualify as RECs, however, warrant further discussion.
 - CRE did not identify any BERs associated with the Subject Property.

To summarize, CRE concluded, “No further investigation is warranted at this time based on the information reviewed and conditions at the time of the site reconnaissance described herein.”

Documents Available

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

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 Arlington Main TIC is ultimately rolled up into as the owner of

the Property; and (v) any reference to the Arlington Main TIC or the Company shall mean the Rollup Entity after the roll up of the Arlington Main TIC into the Rollup Entity. Prospective Investors should carefully consider the following additional risk factors:

- 1) **Variances from the Financial Forecast.** The Financial Forecast presents the Managers' estimate of the expected operating results of the Property for the 10 year forecast periods. The Financial Forecast is based upon assumptions as to future events and conditions which the Managers believes to be reasonable but which are inherently uncertain and unpredictable. The assumptions may prove to be incomplete or incorrect and unanticipated events and circumstances may occur. Because of these uncertainties and the other risks outlined in this Memorandum, the actual results of the Property can be expected to be different than those projected and the differences may be material and adverse. Potential Investors should consider the projections 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, OFFICE 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 **Arlington Main TIC**.
- 3) **Mortgage Risk.** While leverage the Property with one or more mortgages presents opportunities for increasing the total return, it may increase losses as well. Accordingly, any event that adversely affects the value of the Property would be magnified to the extent leverage is used. To the extent that the Arlington TIC engages in any leveraging, it will be subject to the risks normally associated with debt financing, including those relating to the ability to refinance any such mortgage and the insufficiency of cash flow to meet principal and interest payments, which could significantly reduce or even eliminate any distributions. Although the use of borrowed funds from a mortgage will increase investment returns if the Property earns a return greater than the cost of our borrowed funds, investment returns will decrease if the Property fails to earn a return equal to the cost of our borrowed funds. If the overall cost of borrowing increases, either by increases in the index rates or by increases in lender spreads, the increased costs may potentially reduce future cash flow available for distribution. Disruptions in the debt markets will negatively impact the Arlington TIC ability to refinance the Initial Loan. The Financial Forecast includes a projected Acquisition Loan in Year 1. 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 6.25% per annum. The actual rate shall be fixed at closing and shall be based on the sum of (i) 240 basis points; and (ii) the 10-year SOFR. 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 for the entire 10 year term. Such mortgages are projected to contain balloon payments at maturity, such mortgages involve a greater degree of risk because the ability of the borrower to make a balloon payment typically will depend upon its ability either to refinance the loan or to sell the Property in a timely manner. 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.

- 4) **Risk as to Capital Improvements and Repairs** Based on the Property Condition Report prepared by CRE for the Property, it is projected that \$186,800 will be utilized to complete capital improvements for the Property over the 10-year forecast period. The Financial Forecast includes \$1,222,430 in repairs and maintenance of the building systems over the ten (10) year forecast period. The Financial Forecast also includes an annual capital improvement reserve of \$14,355, over the ten (10) year forecast period in the aggregate total amount of \$143,546. 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) **Risk as to Cash Sweep.** The projected Loan with Morgan Stanley contains certain Cash Sweep requirements. There is a risk that if the Property does not generate, over a trailing one year period, the required minimum debt service coverage ratio of 1.40X (“**Minimum DSCR**”), then the balance of the net operating income, if any, after payment of monthly debt service, reserves and operating expenses, as set forth in the budget for the Property, approved by the lender, shall be retained in a cash management account under the exclusive control of the lender and its servicer until the Arlington Main TIC subsequently achieves the Minimum DSCR for two (2) consecutive quarters. Notwithstanding the foregoing, in lieu of a cash flow sweep in the event of a Trigger Period in connection with a DSCR Event, Borrower may post funds or a Letter of Credit ("LOC") with Lender in such an amount that when added to the existing net operating income produces an net operating income of 1.40x. This differential amount shall be returned to the Borrower when the DSCR is otherwise 1.40x for two (2) consecutive calendar quarters. If any of these events occur, then despite the fact that there may be net operating income for the Property, after payment of debt service, reserves and operating expenses, the Arlington Main TIC will not be able to make any distributions to Investors. Debt service coverage ratio is generally defined as the ratio calculated as of the last day of the calendar month immediately preceding the applicable date of determination, the quotient obtained by dividing (1) the net cash flow by (2) the aggregate actual debt service (excluding reserve funds) projected over a twelve (12) month period subsequent to the date of calculation.
- 6) **Risk as to Lease Rollovers.** Should a tenant that is anticipated to extend their lease choose not to extend their lease upon proposed terms, the units will be vacant, which will reduce income and require the payment of additional leasing commissions and tenant incentives, including tenant improvement costs, which are not currently set forth in the Financial Forecast. During the next five years approximately 77.6% 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 89.8%. 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. **DUE TO THE LASTING IMPACT OF COVID-19, OFFICE DEMAND COULD BE GREATLY REDUCED AND PROJECTED RETURNS COULD BE NEGATIVELY IMPACTED CAUSING A LOSS OF INVESTED CAPITAL.**

- 8) **Risk as to increasing Property Taxes.** The Property will be subject to real and personal property taxes that may increase upon the purchase of the Property and as property tax rates change and as the properties are assessed or reassessed by taxing authorities. Some of our leases may provide that the property taxes, or increases therein, are charged to the lessees as an expense related to the properties that they occupy. Portfolio TIC, as the owner is ultimately responsible for payment of the taxes to the government. If property taxes increase, the tenants may be unable to make the required tax payments, ultimately requiring the Portfolio TIC to pay the taxes. In addition, the Portfolio TIC will generally be responsible for property taxes related to any vacant space. Consequently, any tax increases may adversely affect the results of operations and materially affect any distributions to the Investors.
- 9) **Leasing Risks.** There are many leasing risks to consider in operating the Property which could adversely affect the performance of the Property. Some of these leasing risks, include but are not limited to, tenants may not renew their leases as anticipated, tenants may experience economic difficulties, which may necessitate a reduction or deferral in rent or a reduction of their space to retain any such tenant, a tenant may file for bankruptcy and reject their lease, it may take long to release space or to lease vacant space than projected and the ARLINGTON MAIN 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.
- 10) **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.

- 11) **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. Certain of the buildings which make up the Property may include special use or build-to-suit properties. These types of buildings are relatively illiquid compared to other types of real estate and financial assets and this illiquidity will limit our ability to lease such buildings in response to changes in economic or other conditions. With such properties, if the current lease is terminated or not renewed, the Portfolio TIC may be required to renovate the property or to make rent concessions in order to lease the property to another tenant, finance the property or sell the property. In addition, in the event we are forced to sell the property, we may have difficulty selling it to a party other than the tenant or borrower due to the special purpose for which the property may have been designed. These and other limitations may affect our ability to sell or relet these buildings and adversely affect our results of operations at such buildings.
- 12) **Risks of Competition.** The Property will be operating in a competitive market. In the event that any of the tenants vacate their respective spaces on or prior to the expiration of their respective leases, the Arlington Main 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 Arlington Main TIC, the quality of the surrounding area and a variety of other factors. The success of the Arlington Main 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 Arlington Main TIC to establish and maintain a favorable market position could have a material adverse effect on its profitability.
- 13) **Risks of Ownership.** The profitability of the Property is subject to general economic conditions, the management abilities of the managing agent, competition, desirability of the location of the Property, the structural and operating conditions of the Property, the physical appearance of the Property, and other factors. To remain competitive, continuing expenditures must be made to modernize, refurbish and maintain existing facilities. This increases the need for capital funds (whether from reserves, current cash flow or debt financing) and thereby increases the sensitivity of the investment to the cost and availability of such funds, while decreasing operating revenues to the extent that space at the Property remains vacant. 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.
- 14) **Risk as to Economic Conditions.** Period of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in real estate values, which could adversely affect the operation, financial position, cash flow and/or ability to satisfy debt obligations and to make distributions to the Investors.

- 15) **Uninsured Losses.** The Arlington Main 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 Arlington Main TIC may lose all or part of its investment. The Arlington Main TIC may be liable for any uninsured or underinsured personal injury, death or property damage claims. Liability in such cases may be unlimited but Investors will not be personally liable.
- 16) **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.

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
ARLINGTON TOWN SQUARE FOR THE PERIOD FROM
JANUARY 1, 2023 THROUGH DECEMBER 31, 2032**

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:

<u>Forecast Periods:</u>	Operations are projected for a ten (10) year period, commencing in January 2023. The annual periods in the forecasts are from January through December.
<u>Acquisition:</u>	The Property is anticipated to be purchased for a total first year projected cost of \$17,176,283. The purchase price is \$16,983,898. The closing date is expected to be on or about November 14, 2022.
<u>Invested Capital:</u>	The total Invested Capital is \$6,826,283 and will be funded at closing.
<u>Acquisition Loan:</u>	<p>Morgan Stanley is projected to provide an acquisition loan in the projected amount of \$10,350,000.</p> <p>The interest rate for the loan is projected to be 6.25%, with monthly interest only payments for the full ten-year term.</p>
<u>Income:</u>	The physical occupancy and economic occupancy of the Property is currently 98.1% and 91.1% occupied and leased to 31 tenants. The leases from these tenants are projected in the first year of operation to generate a net cash flow, before reserves, of approximately \$1,357,046.
<u>Expenses:</u>	It is assumed we will collect \$278,870 in the first year of operation from the theater owner to cover the theater's pro-rata share of common area expenses. This is shown as deduction in overall expenses in the projection.
<u>Occupancy and</u>	The going-in economic occupancy rate after closing is assumed to be 91.1% with an average ten-year economic occupancy rate of 89.8%
<u>Management Fees</u>	It is anticipated that the Property will be asset managed by Time Equities Inc at a fee up to 1.50% of total revenue collection, and Property managed by Time Equities Inc. in cooperation with a local non-affiliated leasing and management company at a management fee equal up to 4.0% of total revenue collections. The Property will be locally managed by Prodigy Real Estate Group ("Prodigy"), and leased by Edgemark Commercial Real Estate Services LLC who will be entitled to leasing fees commensurate with the deals negotiated per a lease agreement.

Market Leasing and Rent Assumptions:

Below are the rent assumptions utilized in the Financial Forecast.

Rent Assumptions						
Tenant	Market Rent	Term	Downtime	Months For Rent Abatement	Leasing Commission	Renewal Probability
Retail	\$25.00 NNN	5 Years	9 Months	4 New/2 Renewal	6% New/ 3% Renewal	75%
Anchors	\$23.00 MG	5 Years	12 Months	6 New/4 Renewal	6% New/ 3% Renewal	70%

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 \$169,839, 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.

EXHIBIT I
FINANCIAL FORECAST

Arlington Towne Square "Main" - Arlington Heights, IL

Purchase Price	\$16,983,898
Purchase Price: \$PSF	\$165.64
Cap Rate: Year 1 Before Reserves	7.99%
Cap Rate: Year 1 After Reserves	7.32%
Debt	10,350,000
Equity	6,633,898
Closing Costs	192,385
Total Levered Equity Plus Closing Costs	6,826,283
Total Unlevered Equity Plus Closing Costs	17,046,595
	17,176,283
Total Square Feet	102,533
Current Occupancy	98.1%

Debt Assumptions: Proposed New	
LTV	61%
Interest	6.50%
Amortization	N/A
Balance	10,350,000
Annual Debt Service	672,750

Closing Costs		
Mortgage Costs	0.6%	64,688
Mortgage Misc Costs		65,000
Acquisition Fee		339,678
Legal Fees		82,402
Due Diligence Costs		22,889
Title Insurance		13,734
Survey		9,156
Working Capital & Reserves		169,839
Incremental Lease-Up Costs		0
Closing Credit from Seller		(\$575,000)
Broker-Dealer Commissions	0.0%	0
TOTAL		192,385

			YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
	\$PSF	AVG TI/LC	Dec-2023	Dec-2024	Dec-2025	Dec-2026	Dec-2027	Dec-2028	Dec-2029	Dec-2030	Dec-2031	Dec-2032
Average Physical Occupancy		96.8%	98.1%	99.0%	97.2%	92.9%	97.6%	99.0%	99.7%	97.1%	93.9%	93.3%
Average Economical Occupancy		89.8%	91.1%	92.0%	90.2%	85.9%	90.6%	92.0%	92.7%	90.1%	86.9%	86.3%

Operating Income	Yr 1											
Scheduled Base Rent	21.21		2,174,430	2,243,260	2,193,127	2,123,373	2,272,795	2,410,267	2,509,292	2,468,808	2,380,683	2,383,390
Total Expense Recoveries	7.65		784,448	822,555	849,397	808,658	896,435	943,208	995,758	1,017,262	1,019,990	1,070,592
Wildfish Deferred Rent	0.02		1,861	1,917	165	0	0	0	0	0	0	0
Total Operating Income	28.88		2,960,739	3,067,732	3,042,689	2,932,031	3,169,230	3,353,475	3,505,050	3,486,070	3,400,673	3,453,982
General Vacancy	0.00	0.0%	0	0	0	0	0	0	0	0	0	0
Credit Loss	(2.02)	7.0%	(207,252)	(214,741)	(212,988)	(205,242)	(221,846)	(234,743)	(245,354)	(244,025)	(238,047)	(241,779)
Mgmt Fee Variance Income	0.08	4.0%	8,285	8,584	8,514	8,205	8,868	9,384	9,808	9,755	9,516	9,665
Effective Gross Income	26.94		2,761,772	2,861,575	2,838,215	2,734,993	2,956,252	3,128,116	3,269,504	3,251,800	3,172,142	3,221,868
Reimbursable Expenses												
RET Cleaning Janitorial - Contractual (ECAM)	0.56		57,000	58,710	60,471	62,285	64,154	66,079	68,061	70,103	72,206	74,372
RET Elevator Maintenance (ICAM)	0.07		7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786
RET Fire Protection RM (ECAM)	0.05		5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
RET Landscaping Services (ECAM)	0.17		17,561	18,088	18,631	19,190	19,766	20,359	20,969	21,598	22,246	22,914

RET Parking Lot Repairs (ECAM)	0.01	1,077	1,109	1,142	1,177	1,212	1,248	1,286	1,324	1,364	1,405
RET Pest Control (ECAM)	0.01	766	789	812	837	862	888	914	942	970	999
RET Snow Removal Services (ECAM)	0.43	44,146	45,470	46,834	48,239	49,686	51,177	52,712	54,294	55,922	57,600
RET Lock and Key Service - (ECAM)	0.00	44	45	46	48	49	51	52	54	55	57
RET Miscellaneous (ECAM)	0.00	121	125	128	132	136	140	144	149	153	158
RET Painting and Decorating (ECAM)	0.05	4,629	4,768	4,911	5,059	5,210	5,367	5,528	5,694	5,864	6,040
RET Repairs and Maint - Electrical (ECAM)	0.12	12,751	13,133	13,527	13,933	14,351	14,782	15,225	15,682	16,152	16,637
RET Repairs and Maint - General (ECAM)	0.26	26,657	27,457	28,281	29,129	30,003	30,903	31,830	32,785	33,769	34,782
RET Repairs and Maint - Plumbing (ECAM)	0.16	16,281	16,769	17,272	17,790	18,324	18,874	19,440	20,023	20,624	21,243
RET Repairs and Maint - Roof Repairs (ECAM)	0.07	6,883	7,089	7,302	7,521	7,746	7,979	8,218	8,465	8,719	8,980
RET Sprinkler Sys Repairs and Maint (ECAM)	0.05	5,565	5,732	5,904	6,081	6,263	6,451	6,645	6,844	7,049	7,261
RET Traffic Control and Sign Maint. (ECAM)	0.00	50	51	53	54	56	58	59	61	63	65
RET Trash Removal (ECAM)	0.12	12,741	13,123	13,517	13,922	14,340	14,770	15,213	15,670	16,140	16,624
RET Electricity (ECAM)	0.20	20,595	21,213	21,849	22,505	23,180	23,875	24,591	25,329	26,089	26,872
RET Water (ECAM)	0.19	19,396	19,977	20,577	21,194	21,830	22,485	23,159	23,854	24,570	25,307
RET Internet - Service Expense (ECAM)	0.00	366	376	388	399	411	424	436	450	463	477
RET Postage/Courier (ECAM)	0.00	26	27	28	29	30	30	31	32	33	34
RET Insurance Expense - General Liability (ECAM)	0.08	7,941	8,180	8,425	8,678	8,938	9,206	9,482	9,767	10,060	10,362
RET Insurance Expense - Other (ECAM)	0.01	1,064	1,096	1,129	1,162	1,197	1,233	1,270	1,308	1,348	1,388
RET Insurance Expense - Property (ECAM)	0.07	7,538	7,764	7,997	8,237	8,484	8,738	9,000	9,270	9,548	9,835
OFF Cleaning Janitorial - Contractual (ECAM)	0.00	49	50	52	54	55	57	59	60	62	64
OFF Cleaning Janitorial - Contractual (ICAM)	0.13	12,927	13,315	13,715	14,126	14,550	14,987	15,436	15,899	16,376	16,867
OFF Elevator Maintenance (ICAM)	0.05	4,703	4,845	4,990	5,140	5,294	5,453	5,616	5,785	5,958	6,137
OFF Fire Protection RM (ECAM)	0.03	3,397	3,499	3,604	3,712	3,824	3,939	4,057	4,178	4,304	4,433
OFF Landscaping Services (ECAM)	0.07	7,526	7,752	7,985	8,224	8,471	8,725	8,987	9,256	9,534	9,820
OFF Parking Lot Repairs (ECAM)	0.00	461	475	490	504	519	535	551	568	585	602
OFF Pest Control (ECAM)	0.00	297	306	315	325	334	344	355	365	376	388
OFF Snow Removal Services (ECAM)	0.18	18,920	19,487	20,072	20,674	21,294	21,933	22,591	23,269	23,967	24,686
OFF Lock and Key Service - (ECAM)	0.00	19	19	20	20	21	22	22	23	24	24
OFF Painting and Decorating (ECAM)	0.03	3,070	3,162	3,257	3,355	3,456	3,559	3,666	3,776	3,889	4,006
OFF Repairs and Maint - Electrical (ECAM)	0.03	2,827	2,911	2,999	3,089	3,181	3,277	3,375	3,476	3,581	3,688
OFF Repairs and Maint - Electrical (ICAM)	0.01	727	749	771	794	818	842	868	894	921	948
OFF Repairs and Maint - General (ECAM)	0.10	10,356	10,666	10,986	11,316	11,655	12,005	12,365	12,736	13,118	13,512
OFF Repairs and Maint - General (ICAM)	0.00	416	429	441	455	468	482	497	512	527	543
OFF Repairs and Maint - General (HVAC)	0.01	971	1,000	1,030	1,061	1,093	1,125	1,159	1,194	1,230	1,267
OFF Repairs and Maint - HVAC (ICAM)	0.01	796	820	844	869	896	922	950	979	1,008	1,038
OFF Repairs and Maint - Plumbing (ECAM)	0.05	4,881	5,027	5,178	5,333	5,493	5,658	5,828	6,003	6,183	6,368
OFF Repairs and Maint - Roof Repairs (ECAM)	0.02	2,191	2,256	2,324	2,394	2,466	2,540	2,616	2,694	2,775	2,858
OFF Repairs and Maintenance HVAC (HVAC)	0.00	170	175	180	185	191	197	203	209	215	221
OFF Sprinkler Sys Repairs and Maint (ECAM)	0.01	1,422	1,465	1,509	1,554	1,601	1,649	1,698	1,749	1,802	1,856
OFF Traffic Control and Sign Maint. (ECAM)	0.00	21	22	23	23	24	25	25	26	27	28
OFF Trash Removal (ECAM)	0.04	4,031	4,152	4,277	4,405	4,537	4,673	4,814	4,958	5,107	5,260
OFF Trash Removal (ICAM)	0.00	191	197	203	209	215	221	228	235	242	249
OFF Electricity (ECAM)	0.06	5,960	6,138	6,323	6,512	6,708	6,909	7,116	7,330	7,549	7,776
OFF Water (ECAM)	0.08	8,312	8,562	8,819	9,083	9,356	9,636	9,925	10,223	10,530	10,846
OFF Insurance Expense - General Liability (ECAM)	0.03	3,177	3,272	3,370	3,471	3,575	3,682	3,793	3,907	4,024	4,145

OFF Insurance Expense - Other (ECAM)	0.00		426	438	451	465	479	493	508	523	539	555
OFF Insurance Expense - Property (ECAM)	0.03		3,015	3,105	3,199	3,295	3,393	3,495	3,600	3,708	3,819	3,934
Real Estate Tax -025	10.45		1,071,026	1,113,868	1,158,422	1,178,696	1,214,057	1,250,479	1,287,993	1,326,633	1,366,432	1,407,425
Real Estate Tax -026	0.27		27,751	28,861	30,015	30,540	31,456	32,400	33,372	34,373	35,404	36,466
Real Estate Tax -028	0.55		56,823	59,096	61,460	64,412	66,344	68,335	70,385	72,496	74,671	76,911
RET Management Fee	0.83	2.88%	85,344	84,177	83,955	80,764	84,549	87,781	89,285	90,845	90,735	89,227
OFF Management Fee	0.32	1.11%	33,011	34,228	31,741	32,213	35,354	37,280	37,806	34,965	32,227	34,666
Reimb from Theater Owner	-2.72		(278,870)	(287,236)	(295,853)	(304,729)	(313,871)	(323,287)	(332,985)	(342,975)	(353,264)	(363,862)
Total Reimbursable Expenses	13.38		1,372,042	1,421,254	1,469,653	1,493,803	1,542,153	1,589,981	1,635,954	1,679,943	1,723,719	1,772,674
<u>Non Reimbursable Expenses</u>												
NR - TEI Asset Mgmt Fee	0.14	0.5%	14,804	15,339	15,213	14,660	15,846	16,767	17,525	17,430	17,003	17,270
NR - TEI Travel	0.02		2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
Non-Reimbursable	0.15		15,380	15,841	16,317	16,806	17,310	17,830	18,364	18,915	19,483	20,067
Total Non Reimbursable Expenses	0.32		32,684	33,755	34,182	34,198	35,970	37,495	38,874	39,420	39,653	40,599
Total Operating Expenses	13.70		1,404,726	1,455,009	1,503,835	1,528,001	1,578,123	1,627,476	1,674,828	1,719,363	1,763,372	1,813,273
Net Operating Income	13.24		1,357,046	1,406,566	1,334,380	1,206,992	1,378,129	1,500,640	1,594,676	1,532,437	1,408,770	1,408,595
Cap Rate Before Reserves		8.3%	8.0%	8.3%	7.8%	7.1%	8.1%	8.8%	9.4%	9.0%	8.3%	8.3%

Leasing & Capital Costs		10-yr avg	10-yr avg										
Tenant Improvements	3.5%	0.30	27,614	28,007	28,308	27,736	26,417	27,859	28,308	28,508	27,727	26,733	26,533
Leasing Commissions		0.76	75,384	70,778	73,018	71,386	69,116	73,979	78,454	81,677	80,360	77,491	77,579
Capital Reserves		0.14	14,355	14,355	14,355	14,355	14,355	14,355	14,355	14,355	14,355	14,355	14,355
Total Leasing & Capital Costs		1.20	117,352	113,139	115,681	113,477	109,887	116,193	121,117	124,540	122,441	118,579	118,467

Unlevered Net Cash Flow			1,243,907	1,290,885	1,220,903	1,097,105	1,261,936	1,379,522	1,470,136	1,409,996	1,290,190	1,290,128
Cap Rate After Reserves		7.6%	7.3%	7.6%	7.2%	6.4%	7.4%	8.1%	8.6%	8.3%	7.6%	7.6%

Debt Service			672,750	672,750	672,750	672,750	672,750	672,750	672,750	672,750	672,750	672,750
Cash Flow after Debt Service			571,157	618,135	548,153	424,355	589,186	706,772	797,386	737,246	617,440	617,378
DSCR			2.02x	2.09x	1.98x	1.79x	2.05x	2.23x	2.37x	2.28x	2.09x	2.09x

	10-yr avg										
ROE: LEVERED	9.12%	8.37%	9.06%	8.03%	6.22%	8.63%	10.35%	11.68%	10.80%	9.05%	9.04%
ROE: UNLEVERED	7.60%	7.30%	7.57%	7.16%	6.44%	7.40%	8.09%	8.62%	8.27%	7.57%	7.57%

Working Capital & Future Leasing Costs	
Working Capital	1.0% \$169,839
Closing Credit from Seller	(\$575,000)
Total Working Capital & Reserves	\$169,839
Total Incremental Lease-Up Costs	\$0
Closing Credit from Seller	(\$575,000)

EXHIBIT II

CRE IMMEDIATE AND SHORT TERM REPAIRS CHART

Project No. 001-22-11777

September 29, 2022

Property: Evergreen Retail and Office
3-89 Evergreen Ave; 40-88 Arlington Hts Rd
Arlington Heights, IL 60005

ITEM	QUANTITY	UNITS	UNIT COST	IMMEDIATE COST	SHORT TERM COSTS	COMMENTS
Repair wall between Starbucks and sidewalk	1	LS	\$3,000	\$3,000	\$0	
Repair 15 foot high brick wall	1	LS	\$5,000	\$5,000	\$0	
Repair water feature	1	LS	\$20,000	\$20,000	\$0	Work should include relining, tuck pointing and resetting any damaged brick work
Cover/isolate open meter base	1	EA	\$1,000	\$1,000	\$0	

TOTAL ESTIMATED COST	\$29,000	\$0
IMMEDIATE NEEDS + SHORT TERM		\$29,000

COST PER YEAR																		SUMMARY	
Property Age	24252627282930313233																	1-10	
ITEM	AVE EUL	EFF AGE	RUL	QUANTITY	UNIT COST	UNIT	SECTION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	TOTAL RESERVES (ALL YEARS)	
SITE IMPROVEMENTS																			
Concrete maintenance, striping	5-7	3	4	24,000	\$0.20	SF	S.1				\$4,800.00							\$4,800.00	
FAÇADE																			
Power wash, caulk, tuck pointing	15-20	15	5	120,000	\$0.20	SF	S.2					\$4,800.00	\$4,800.00	\$4,800.00	\$4,800.00	\$4,800.00		\$24,000.00	
Roof repairs	10	7	3	1,000	\$4.00	SF		\$1,333.33	\$1,333.33	\$1,333.33								\$4,000.00	
Replace roofs	20	15	5	25,000	\$5.00	SF				\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00				\$125,000.00	
							TOTAL UNINFLATED	\$0	\$1,333	\$26,333	\$31,133	\$29,800	\$29,800	\$29,800	\$4,800	\$4,800	\$0	\$157,800	
							Inflation Factor @	3.0%	100.00%	101.00%	106.09%	109.27%	112.55%	115.93%	119.41%	122.99%	126.68%	130.48%	"
							TOTAL INFLATED	\$0	\$1,373	\$27,937	\$34,020	\$33,540	\$34,546	\$35,583	\$5,903	\$6,080	\$0	\$178,984	
							CUMULATIVE TOTAL INFLATED	\$0	\$1,373	\$29,310	\$63,331	\$96,871	\$131,417	\$167,000	\$172,903	\$178,984	\$178,984	"	