

Addendum No. 2
(Dated July 23, 2020)
to the Confidential Private Placement Memorandum
of TEI Diversified Income & Opportunity Fund V, LLC,
dated January 1, 2020

The distribution formula under the Operating Agreement for the members of the Company shall be as set forth below:

Distributions of Cash from Operations:

1. First, 100% to the Members, until the Members have been distributed an amount equal to their Preferred Return (a 6% cumulative but not compounded annual return on a Member's Unreturned Capital Contributions);
2. Second, 100% to the Members until the Members receive the amount, which when added to the 6% Preferred Return Amount in subparagraph 1, above, equals 100% of the Original Invested Capital;
3. Third, to the Manager in payment of the catch up Distribution, distributions due to the Manager in the amount equal to 40% of the Excess Distributions; and
4. Thereafter, 60% to the Members and 40% to the Manager, provided, however, in all cases, no distributions to the Managers shall be made unless the Managers determine in good faith, that the net value of the assets of the Fund (if sold), reduced by all liabilities of the Fund as well as projected selling costs that would be incurred upon disposition of the assets (hereinafter, the "**Liquidation Value**"), equals or exceeds 125% of the amount that is needed to fully return all of the Unreturned Capital of the Members as of the date of any distribution. In the event the Liquidation Value is not more than 125% of the Unreturned Capital of the Members as of the date of any distribution (the "**125% Standard**"), 100% of any of distributions shall be payable to the Members until the earlier of (a) the date that the Members' Unreturned Capital has been fully paid or (b) the Liquidation Value is greater than 125% of the Unreturned Capital as of the date of any distribution.
5. In the event distributions payable to the Manager under the provisions of sub- paragraph 4 above are suspended due to the determination that the 125% Standard has not been met, the amount the Manager would have been paid under sub-paragraphs 3 and 4, above shall be accrued and payable from any cash flow available for distribution after the 125% has been met before any other distributions are made.

6. When calculating the distribution formulas set forth above, all distributions paid to the Members in excess of the cumulative 6% Preferred Return shall be applied to reduce the Members' Unreturned Capital Contributions.
7. Upon liquidation of the Fund, in the event any distributions have been made to the Manager and all of the distributions made by the Fund to the Members have not been sufficient to generate a 6% Preferred Return on the Members' Unreturned Capital Contributions and fully reduce the reduce the Members' Unreturned Capital Contributions to zero, the Manager shall repay to the Fund (up to 100% of the distributions made to the Manager) the amount that is needed by the Fund to distribute to the Members the amount of the Members' Unreturned Capital Contributions determined as of the date of the liquidation of the Fund. The obligation of the Manager to make payments to the Fund pursuant to this subparagraph 7 shall be recourse to the person or entity that received a distribution from the Manager to the extent of distribution made by the Manager to the person or entity.

Definitions

The following are certain of the definitions for the capitalized terms used above in the distribution formula. Any remaining capitalized terms shall have the meaning as set forth in the Memorandum.

“Cash From Operations” shall mean the net cash realized by the Company from all sources, including, but not limited to, cash from the operations of the Company and the sale, exchange, financing or refinancing of the Properties after payment of all cash expenditures of the Company (including, but not limited to, all operating expenses such as fees payable to the Manager or its Affiliates, all payments of principal and interest on indebtedness, expenses for repairs and maintenance, capital improvements and replacements, and such reserves and retentions as the Manager reasonably determines to be necessary and desirable in connection with Company operations with its then existing assets and any anticipated acquisitions).

“Excess Distributions” shall mean 40% of Distributions actually made to the Members to the extent the distributed amount exceeds the 6% Preferred Return Amount.

“Offering Termination Date” shall mean the date the Offering of Units will terminate, which is the earliest of (i) the date all 20,000 Units are sold, (ii) **November 30, 2021**, or (iii) the Manager determines, in its sole discretion, to terminate the Offering. Such total number of Units may be increased to up to 30,000 Units, at the Manager's discretion, if the Fund is oversubscribed on or prior to the Offering Termination Date.

“Original Invested Capital Amount” shall mean the aggregate amount invested in the Company by the members on or prior to the Offering Termination Date.

“Preferred Return” or **“6% Preferred Return”** shall mean an amount equal to a 6% cumulative but not compounded annual return on a Member’s Unreturned Capital Contribution.

“Unreturned Capital Contribution” shall mean a Member’s Capital Contributions reduced by any distribution to the Members that shall be applied to reduce or pay down the amount the Capital Contributions funded by a Member. **“Unreturned Capital Contributions”** shall collectively mean such Unreturned Capital Contributions of the Members. Annual Distributions in excess of the 6% cumulative Preferred Return shall be applied to reduce a Member’s Unreturned Capital Contribution.

“6% Preferred Return Amount” shall mean the aggregate amount to be paid to the Member under the above Section 1 as to their Preferred Return.