



TIME EQUITIES SECURITIES LLC

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
TEI DIVERSIFIED INCOME & OPPORTUNITY FUND VII, LLC

DATED: JULY 1, 2025

TIME EQUITIES SECURITIES LLC
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This is neither an offer to sell nor a solicitation of an offer to buy the securities referenced herein. The offering of membership units in TEI Diversified Income & Opportunity Fund VII, LLC (the "**Company**" or the "**Fund**") is made only by a Confidential Private Placement Memorandum of the Company (the "**Memorandum**"). You must read the entire Memorandum in order to fully understand the risks related to the purchase of units in the Company. The information set forth herein is not indicative of future performance and there is no assurance that the Company will experience similar returns. Time Equities Inc. and Time Equities Securities LLC are affiliates under common ownership and control. Securities offered through Time Equities Securities LLC, a Member of FINRA.

INVESTMENT IN THE UNITS INVOLVES A HIGH DEGREE OF RISK AND IS ONLY FOR ACCREDITED INVESTORS WHO ARE PERSONS OF SUBSTANTIAL FINANCIAL MEANS AND WHO ARE ABLE TO AFFORD THE RISK OF INVESTMENT (SEE SUITABILITY STANDARDS AND RISK FACTORS TO BE CONSIDERED). PROSPECTIVE PURCHASERS SHOULD CAREFULLY CONSIDER THE RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST SET FORTH IN THE MEMORANDUM BEFORE SUBSCRIBING TO PURCHASE UNITS.



CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
TEI DIVERSIFIED INCOME & OPPORTUNITY FUND VII, LLC

Units of Membership Interests
20,000 Units at \$5,000 Per Unit
Minimum Purchase: 5 Units (\$25,000)
Initial Maximum Offering Amount: \$100,000,000
Maximum Offering Amount: \$150,000,000

TEI Diversified Income & Opportunity Fund VII, LLC, a Delaware limited liability company (the “**Company**” or the “**Fund**”), has been formed for the principal purpose of acquiring whole or partial interests in a diversified portfolio of income producing properties, with potential for appreciation, and other real estate investment opportunities. See section of Memorandum titled “**Description of Properties**”.

Time Equities Management VII, LLC, a Delaware limited liability company, is the Manager of the Fund.

Capitalized terms used herein and not otherwise defined have the meanings set forth in Exhibit A of the Operating Agreement for the Fund (the “**Operating Agreement**”), a copy of which is attached to this Memorandum as Exhibit B.

On or prior to the Offering Termination Date, this Memorandum will be supplemented from time to time with information regarding each of the Properties or investments in which the Fund acquires an interest (each, a “**Project Supplement**”).

The Fund expects to make distributions to the members through earnings, refinancings and/or sales in an amount equal to or greater than at least 100% of the amount invested in the Fund by a Member on or prior to the date which is ten (10) years after the Offering Termination Date (including any extensions, if applicable). Notwithstanding the fact that 100% of the amount invested may have been returned, each Member shall continue to be entitled to their pro rata share of additional Distributions, if any, which may be made by the Fund until all of the Properties owned by the Fund have been sold, or the Fund has been terminated.

The Fund is offering for sale up to 20,000 units of membership interests (each, a “Unit,” and collectively, the “Units”) at a purchase price of \$5,000 per Unit (the “Offering”) upon the terms and conditions set forth in this Memorandum. The purchasers of the Units will become the members of the Fund (the “Members”). **You should read this Memorandum in its entirety before making an investment decision.**

The proceeds of this Offering (the “Offering Proceeds”) are intended to capitalize the Fund with an amount sufficient, when coupled with proceeds from potential loans to the Fund, to acquire the Properties or make loans to owners of the Properties.

The Units are being offered until the earlier of: (i) the sale of 20,000 Units for a maximum aggregate offering amount of \$100,000,000 (the “Initial Maximum Offering Amount”) or 30,000 Units for a maximum aggregate offering of \$150,000,000, if the Manager decides to increase the amount of the Offering based on the Fund being oversubscribed; or (ii) **December 15, 2027**; or (iii) the termination of this Offering at an earlier date in the sole discretion of the Manager, as such date may be extended below, is hereinafter referred to as the (“Offering Termination Date”). The Manager, at its sole option, shall have the right to extend the Offering Termination Date for up to an additional year. The Manager shall exercise such extension right for the Offering Termination Date in a written notice to the Members of the Fund, through providing them with a copy of an Addendum to the Offering, which indicates such extension, at least thirty (30) days prior to the Initial Offering Termination Date.

The purchase price for the Units subscribed for by an Investor shall be payable in full with the delivery of an Investor’s Subscription Agreement, the form of which is attached to this Memorandum as Exhibit B.

The Units are being offered for sale on a best-efforts basis. There is no guaranty as to the amount that will be subscribed for by Investors and accepted by the Manager. The Offering will commence when the first subscription has been completed for an Investor. There is no minimum amount to be raised from Investors. There will be no escrow required for subscriptions funded by any Investors.

The principal objectives of the Fund are to: (i) preserve the Members’ capital investment; (ii) provide the Members with what the Manager believes will be stable returns from a diversified investment portfolio; (iii) realize income through acquisitions, operation, management, capital appreciation, sale and/or refinancing of the Properties or other investment vehicles; and (iv) maintain ongoing quarterly distribution payments after Members have received the return of 100% of the original amount invested by each Member. **There can be no assurance that any of these objectives will be achieved.**

This Offering is made as a private offering under Rule 506(c) of Regulation D of the Securities Act of 1933, as amended (the “Act”). This Offering will not be registered under the Act or the securities laws of any state and is being offered and sold in reliance on the exemption from the registration requirements of the Act and such state securities laws. In order to qualify for such exemption under Rules 506(c) of Regulation D, each Investor must satisfy the suitability standards in this Memorandum by being an Accredited Investor (see section on Suitability Standards for further information).

THE OFFERING IS BEING MADE IN RELIANCE ON RULE 506(C) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. THE OFFERING INTENDS TO ENGAGE IN

GENERAL ADVERTISEMENT FOR THE SALE OF THE UNITS. AS A RESULT, GOING FORWARD ALL INVESTORS MUST BE ACCREDITED INVESTORS, AS DEFINED IN REGULATION D. PROSPECTIVE INVESTORS WILL BE REQUIRED TO PROVIDE SUFFICIENT FINANCIAL INFORMATION TO THE MANAGING BROKER DEALER, ACTING ON BEHALF OF THE OFFERING, AND/OR THE APPLICABLE SELLING GROUP MEMBER SO THAT THE MANAGING BROKER DEALER, ACTING ON BEHALF OF THE OFFERING CAN VERIFY THAT THE PROSPECTIVE INVESTOR IS AN ACCREDITED INVESTOR. IN THE EVENT THAT THE OFFERING IS RELYING ON A CERTIFICATION FROM THE SELLING GROUP MEMBER THAT A PROSPECTIVE INVESTOR IS AN ACCREDITED INVESTOR, THE SELLING GROUP MEMBER MUST HAVE MADE THEIR DETERMINATION OF ACCREDITED INVESTOR STATUS WITHIN 3 MONTHS OF THE DATE THAT THE PROSPECTIVE HOLDER ACQUIRES THE INTERESTS.

Units offered hereby are speculative and an investment in Units involves substantial risks, including, but not limited to, the risks associated with the start-up nature of the Company, which is a newly formed entity with no operating history, lack of liquidity, potential environmental risks, risks pertaining to operating and financing the Properties, potential lack of diversity of the investments, the Manager has limited capital, reliance on the Manager to select the Properties, reliance on the Manager to manage the Company, reliance on an Affiliate of the Manager or third parties to manage the Properties, acquiring undivided interests in the Properties, acquiring Properties with joint venture partners, uncertainty as to the Properties to be acquired, the use of debt, secured and unsecured, to acquire the Properties, uncertainty as to the amount and type of debt used to acquire the Properties, lack of any binding financing commitments, substantial fees and distributions payable to the Manager and its Affiliates, the existence of various conflicts of interest between the Manager and its Affiliates and the Company and tax risks. See “**Risk Factors**” and “**Conflicts of Interest.**”

The mailing address of the Fund is c/o TEI Diversified Income & Opportunity Fund VII, LLC, 55 Fifth Avenue, 15th Floor, New York, NY 10003 and the telephone number is (212) 206-6176.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved these securities or passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended (the “Securities Act”), applicable state securities laws, pursuant to registration or exemption therefrom, and the Operating Agreement. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

	Price to Investors	Selling Commissions and Expenses ⁽¹⁾	Organization and Offering Expenses ⁽²⁾	Proceeds to Fund ⁽³⁾
Per Unit ⁽⁴⁾	\$5,000.00	\$500.00	\$100.00	\$4,400.00
Initial Maximum Offering Amount	\$100,000,000.00	\$10,000,000	\$2,000,000.00	\$88,000,000.00

- (1) Offers and sales of Units will be made on a best-efforts basis, by broker-subscription payments (each a “**Selling Group Member,**” and collectively, the “**Selling Group**” or

“**Selling Group Members**”) who are members of FINRA. The maximum aggregate amount of selling commissions and expenses organization and offering expenses paid from the proceeds of this Offering is 12% of the total subscription payments made by Investors. Time Equities Securities LLC, a New York limited liability company, an Affiliate of the Manager and a member of FINRA (“**TES**”), will act as the “**Managing Broker-Dealer**” and will receive selling commissions (the “**Selling Commissions**”) in an amount up to 7% of the purchase price of the Units sold by the Selling Group, including the Managing Broker-Dealer (the “**Total Sales**”), which will be paid by TES to the Selling Group Members upon receipt of such Selling Commissions from the Fund; *provided, however*, that this amount may be reduced to the extent the Fund negotiates a lower commission rate with a Selling Group Member and the commission rate will then be the lower agreed upon rate. Units may also be sold by registered investment advisors and such Unit sales often do not include selling commissions. As a result, certain Investors may acquire their Units net of Selling Commissions on a grossed up basis. The maximum Selling Commissions are listed above as \$7,000,000. However, the maximum amount of Selling Commissions and Expenses is subject to further reduction since there will be no Selling Commissions and Expenses on any Units purchased by the Manager and its Affiliates.

TES will also receive a non-accountable marketing and due diligence allowance of up to 1% of the Total Sales, which TES will share, in whole or in part, with the Selling Group. TES may also receive a placement fee equal to 1% of the Total Sales.

TES may also sell Units as part of the Selling Group, thereby becoming entitled to Selling Commissions.

TES will also receive a wholesaler fee up to 1% of the Total Sales, which may be shared, in whole or in part, with certain wholesalers, some of which are internal to TES.

The total aggregate amount of commissions, allowances, expense reimbursements, Wholesaler Fee and placement fees (the “**Selling Commissions and Expenses**”) will not exceed 10.00% of the Total Sales. The Fund will be responsible for paying all Selling Commissions and Expenses. The above amounts under the column entitled “**Selling Commissions and Expenses**” do not include costs for Organization and Offering Expenses. For purposes of calculating Total Sales, each Unit will be deemed to have a sales price of \$5,000 and any discount provided to the purchaser of a Unit will be disregarded.

- (2) Amounts shown are proceeds after deducting Selling Commissions and Expenses, but before deducting other expenses incurred in connection with the Offering and the Organization of the Fund (the “**Organization and Offering Expenses**”), including legal, marketing, accounting, printing and other costs and expenses directly related to the Offering. Organization and Offering Expenses will be limited to 2% of the Offering Proceeds raised by the Fund. If the actual Offering and Organizational Expenses exceed 2% of the total Offering Proceeds, the Manager will be responsible for paying any additional amounts.

- (3) Column 3 is the amount of proceeds paid to the Fund after deducting 12% of the Offering Amount for both Selling Commissions and Expenses (10%) and Organization and Offering Expenses (2%).
- (4) The minimum purchase is 5 Units for a total purchase price of \$25,000, except that the Manager may permit certain Investors to purchase fewer Units, in its sole discretion.

None of the subscription payments received from Investors will be held in escrow, but instead will be paid directly to the Fund upon the Manager's acceptance of an Investor's subscription agreement.

The purchase of Units involves substantial risks and an investment in the Units is speculative. Investors should read and carefully consider the discussion set forth under "Risk Factors". This Memorandum contains forward-looking statements that involve risks and uncertainties. The Fund's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under "Risk Factors."

The purchase of Units is suitable only for persons of substantial means who have no need for liquidity in their investment in the Fund. See "Who May Invest". You should carefully consider the following:

1. You are not to construe the contents of this Memorandum as legal or tax advice. You should consult your own counsel, accountant, financial advisor or business advisor as to legal, tax and related matters concerning an investment.
2. The Units may be offered and sold only to Accredited Investors who meet the Investor Suitability Requirements set forth under "**Who May Invest**" in this Memorandum.
3. No person has been authorized by the Fund or the Manager to make any representations or furnish any information with respect to the Fund or the Units, other than the representations and information set forth in this Memorandum or other documents or information furnished by the Fund or the Manager upon request as described in this Memorandum. However, authorized representatives of the Fund will, if such information is reasonably available, provide additional information which you or your representative requests for the purpose of evaluating the merits and risks of this Offering.
4. Any predictions and representations, written or oral, which do not conform to those contained in this Memorandum, should be disregarded, and their use is a violation of the law. No representation or warranty can be given that the estimates, opinions or assumptions made herein will prove to be accurate.
5. Trustees, custodians and fiduciaries of retirement and other plans (the "**Plan**") subject to the Employee Retirement Income Security Act of 1974 ("**ERISA**") or Internal Revenue Code of 1986, as amended (the "**Code**") Section 4975 (all references to "**Code Section**" are references to Sections of the Code, unless otherwise indicated) (including individual retirement accounts) should consider, among other things: (i) that the Plan, although generally exempt from federal

income taxation, would be subject to income taxation were its unrelated business taxable income from an investment in the Fund and other unrelated business taxable income exceed \$1,000 in any taxable year (it is anticipated that if the Fund generates taxable income, it will be considered unrelated business taxable income), (ii) whether an investment in the Fund is advisable given the definition of plan assets under ERISA and the status of Department of Labor regulations regarding the definition of plan assets, (iii) whether the investment is in accordance with plan documents and satisfies the diversification requirements of Section 404(a) of ERISA, (iv) whether the investment is prudent under Section 404(a) of ERISA, considering the nature of an investment in, and the compensation structure of, the Fund and the potential lack of liquidity of the Units, (v) that the Fund has no history of operations and (vi) whether the Fund or any Affiliate is a fiduciary or party in interest to the plan. In addition, the Operating Agreement prohibits Employee Benefit Plans from acquiring 25% or more of the total Units. The prudence of a particular investment must be determined by the responsible fiduciary taking into account all the facts and circumstances of the Qualified Plan and of the investment. See **“Federal Income Tax Consequences – Investment by Qualified Plans and IRAs – Unrelated Business Taxable Income”** and **“Investment by Qualified Plans and IRAs.”**

6. The Units are being offered until the Offering Termination Date (as such may be extended).
7. This Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized. In addition, this Memorandum constitutes an offer only if the name of an offeree in the Fund’s records matches the copy number that appears in the appropriate space on the first page of this cover page and is an offer only to such offeree.
8. This Memorandum has been prepared solely for the benefit of persons interested in the proposed private placement of the Units offered hereby, and any reproduction or distribution of this Memorandum, in whole or in part, or the disclosure of any of its contents, without the prior written consent of the Manager, is prohibited. The recipient, by accepting delivery of this Memorandum, agrees to return this Memorandum and all documents furnished herewith to the Manager or its representatives upon request if the recipient does not purchase any of the Units offered hereby or if the Offering is withdrawn or terminated.
9. The Manager may reject a prospective investor’s Subscription Agreement for any reason. Subscription Agreements will be rejected for failure to conform to the requirements of the Offering or such other reasons as the Manager may determine in its sole discretion to be in the best interests of the Fund. Subscription Agreements may not be revoked, canceled or terminated by the subscriber, except as therein provided.
10. This Offering is made exclusively by this Memorandum. This Memorandum contains a summary of certain provisions of the Operating Agreement, but only the Operating Agreement contains complete information concerning the rights and obligations of the parties thereto. This Memorandum contains summaries of certain other documents, which summaries are believed to be accurate, but reference is hereby made to the actual documents for complete information concerning the rights and obligations of the parties thereto. Such information necessarily incorporates significant assumptions, as well as factual matters. All documents relating to this

investment and related documents and agreements will be made available to you or your advisors upon request to the Manager.

11. During the course of the Offering and prior to sale, investors are invited to ask questions to and obtain additional information from the Manager concerning the terms and conditions of the Offering, the Fund, the Manager and its Affiliates, the Units and any other relevant matters, including, but not limited to, additional information to verify the accuracy of the information set forth in this Memorandum. The Manager will provide such information to the extent it possesses it or can acquire it without unreasonable effort or expense.
12. The Units are offered by the Fund subject to receipt and acceptance by the Fund of the relevant Subscription Agreement, the right of the Manager to reject any Subscription Agreement for Units in whole or in part, withdrawal, cancellation or modification of the Offering without notice to investors, and to certain other conditions.
13. Because the Units are not registered under the Securities Act or the securities laws of any state, investors must hold them indefinitely unless they are registered under the Securities Act and any applicable state securities laws, which registration the Manager does not expect to occur, or the Manager is satisfied, with the advice of counsel, that registration is not required under the Securities Act and applicable state laws. The Operating Agreement also contains significant restrictions on the sale, transfer or other disposition of the Units by an investor. It is highly unlikely that a public market will ever exist for the Units.
14. The price per Unit has been arbitrarily determined and is not the result of an arm's length negotiation.
15. The Fund will maintain a list of states where the Units may be offered and sold.

The securities offered hereby have not been registered under the Securities Act or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of said act and such laws. The Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under said act and such laws pursuant to registration or exemption therefrom.

In making an investment decision, you must rely on your own examination of the person or entity creating the securities and the terms of the Offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority.

The Securities Act and the securities laws of certain jurisdictions grant purchasers of securities sold in violation of the registration or qualification provisions of such laws the right to rescind their purchase of such securities and to receive back their consideration paid. The Manager believes that the Offering described in this Memorandum is not required to be registered or

qualified. Many of these laws granting the right of rescission also provide that suits for such violations must be brought within a specified time, usually one year from discovery of facts constituting such violation. Should any investor institute such an action on the theory that the Offering conducted as described herein was required to be registered or qualified, the Manager will contend that the contents of this Memorandum constituted notice of the facts constituting such violation.

No person has been authorized to give any information or make any representations other than those set forth in this Memorandum, and, if given or made, such information or representations must not be relied upon as having been given by the Fund, the Manager or their Affiliates.

This Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized, or in which the person making such an offer is not qualified to do so, or to any person to whom it is unlawful to make an offer or solicitation.

Neither the information contained herein, nor any prior, contemporaneous or subsequent communication should be construed by you as legal or tax advice. You should consult your own legal and tax advisors to ascertain the merits and risks of an investment in Units before investing.

TREASURY DEPARTMENT CIRCULAR 230 NOTICE. TO ENSURE COMPLIANCE WITH CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERENCED TO IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE CODE; SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS MEMORANDUM; AND PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NOTICE TO RESIDENTS OF ALL STATES:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUES AND TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED OR

DETERMINED THE ACCURACY OF THE DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR FLORIDA RESIDENTS ONLY:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. UNDER FLORIDA LAW, IF SECURITIES ARE SOLD TO FIVE OR MORE FLORIDA RESIDENTS, SUCH INVESTORS WILL HAVE A THREE DAY RIGHT OF RESCISSION. INVESTORS WHO HAVE EXECUTED A SUBSCRIPTION AGREEMENT MAY ELECT, WITHIN THREE BUSINESS DAYS AFTER THE FIRST TENDER OF CONSIDERATION THEREFORE, TO WITHDRAW THEIR SUBSCRIPTION AND RECEIVE A FULL REFUND OF ANY MONEY PAID BY THEM. SUCH WITHDRAWAL WILL BE WITHOUT ANY LIABILITY TO ANY PERSON. TO ACCOMPLISH SUCH WITHDRAWAL, THE WITHDRAWING INVESTOR MUST: (i) PROVIDE WRITTEN NOTICE TO THE FUND INDICATING THE INVESTOR'S DESIRE TO WITHDRAW AND (ii) NOT BE A BANK, A TRUST FUND, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY, A PENSION OR PROFIT-SHARING TRUST, OR A QUALIFIED INSTITUTIONAL BUYER. THE WRITTEN NOTICE MUST BE SENT AND POSTMARKED PRIOR TO THE END OF THE THIRD BUSINESS DAY AFTER THE FIRST TENDER OF CONSIDERATION FOR THE SECURITIES PURCHASED. NOTICE LETTERS SHOULD BE SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND TO EVIDENCE THE TIME WHEN IT IS MAILED. ANY ORAL REQUESTS FOR RESCISSION SHOULD BE ACCOMPANIED BY A REQUEST FOR WRITTEN CONFIRMATION FROM THE FUND THAT THE ORAL REQUEST WAS RECEIVED ON A TIMELY BASIS.

FOR PENNSYLVANIA RESIDENTS ONLY

EACH SUBSCRIBER WHO IS A PENNSYLVANIA RESIDENT HAS THE RIGHT TO CANCEL AND WITHDRAW HIS OR HER SUBSCRIPTION AND HIS OR HER PURCHASE OF SECURITIES THEREUNDER, UPON WRITTEN NOTICE TO THE FUND GIVEN WITHIN TWO BUSINESS DAYS FOLLOWING THE RECEIPT BY THE FUND OF HIS OR HER EXECUTED SUBSCRIPTION AGREEMENT. ANY LETTER OR TELEGRAM NOTICE SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED. IF YOU MAKE THE REQUEST ORALLY, YOU SHOULD ASK FOR WRITTEN

CONFIRMATION FROM THE FUND THAT YOUR REQUEST HAS BEEN RECEIVED. UPON SUCH CANCELLATION OR WITHDRAWAL, THE SUBSCRIBER WILL HAVE NO OBLIGATION OR DUTY UNDER THE SUBSCRIPTION AGREEMENT TO THE FUND OR ANY OTHER PERSON AND WILL BE ENTITLED TO THE FULL RETURN OF ANY AMOUNT PAID BY HIM OR HER, WITHOUT INTEREST. NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON.

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EXHIBITS:

- A Operating Agreement (Exhibit A to the Operating Agreement contains the definitions that apply both to the Operating Agreement and the Memorandum)
- B Instructions to Investors and Subscription Agreement

WHO MAY INVEST

The offer and sale of the Units are being made in reliance on an exemption from the registration requirements of the Securities Act. Accordingly, distribution of this Memorandum has been strictly limited to persons who meet the requirements and make the representations set forth below. The Manager reserves the right to declare any prospective investor ineligible to purchase Units based on any information that may become known or available to the Manager concerning the suitability of such prospective investor or for any other reason.

Investor Suitability Requirements

Investment in the Units involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment and who are accredited investors only. Investors should be able to afford the loss of their entire investment. This investment will be sold only to Accredited Investors who: (i) purchase a minimum of 5 Units for a purchase price of \$25,000, except that the Company may permit certain investors to purchase fewer Units in its sole discretion, and (ii) represent in writing that they meet the investor suitability requirements established by the Manager and as may be required under federal or state law, and (iii) provide all the required documentation as detailed in the Subscription Agreement. The written representations you make, and the documentation provided by you will be reviewed to determine your suitability. The Manager reserves the right, in its sole discretion, to accept smaller subscription amounts.

As a proposed investor in Units, you must represent in writing that you meet, among others, all of the following requirements (the “**Investor Suitability Requirements**”):

(a) You have received, read and fully understand this Memorandum and all Exhibits and attachments hereto. You are basing your decision to invest on this Memorandum and all Exhibits and attachments hereto. You have relied on information contained in these materials and have not relied upon any representations made by any other person;

(b) You understand that an investment in the Units is speculative and involves substantial risks and you are fully cognizant of and understand the risks relating to a purchase of the Units including, but not limited to, those risks set forth in the section entitled “**Risk Factors**” in this Memorandum;

(c) Your overall commitment to investments that are not readily marketable is not disproportionate to your individual net worth, and your investment in the Units will not cause such overall commitment to become excessive;

(d) You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in this investment;

(e) You can bear and are willing to accept the economic risk of losing your entire investment in the Units;

(f) You are acquiring the Units for your own account and for investment purposes only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Units;

(g) You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of investing in the Units and have the ability to protect your own interests in connection with such investment; and

(h) You are an Accredited Investor as defined under Rule 501(a) of Regulation D under the Securities Act. An “**Accredited Investor**” is:

(i) **If a natural person**, a person that has:

(a) an individual net worth, or joint net worth with his or her spouse, that exceeds \$1,000,000, **excluding the value of the primary residence of such natural person**; or

(b) individual income in excess of \$200,000, or joint income with his or her spouse in excess of \$300,000, in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year; and

(c) that in either case, a person who has not borrowed against their primary residence within sixty (60) days prior to the execution of their Subscription Agreement;

(d) individual income in excess of \$200,000, or joint income with his or her spouse in excess of \$300,000, in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year;

(e) that in either case, a person who has not borrowed against their primary residence within sixty (60) days prior to the execution of their Subscription Agreement;

(f) a person who has obtained professional certifications, designations or credentials, including Series 7, Series 65 and Series 82 licenses, and such licenses are active and in good standing; and

(g) as to the above requirements for a natural person, Spousal Equivalents (as defined below) may pool their finances for purposes of qualifying as an accredited investor. “**Spousal Equivalents**” means cohabitants maintaining a relationship equivalent to that of a spouse.

(h) Directors, executive officers and general partners of the issuer.

(i) “**Knowledgeable**” employees of a private fund, as defined under Rule 3c-5(a)(4) of the Investment Company Act of 1940, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in §230.506(b)(2)(ii).

(j) Others as contained in Rule 501(a)(9).

(ii) **If not a natural person**, one of the following:

- (a) a corporation, a Massachusetts or similar business trust, partnership, limited liability company or organization described in Code Section 501(c)(3), not formed for the specific purpose of acquiring Units, with total assets in excess of \$5,000,000;
- (b) a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring Units and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in a Unit as described in Rule 506(b)(2)(ii);
- (c) a limited liability company or partnership with total assets in excess of \$5,000,000;
- (d) a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended or a Registered Investment Advisor registered with the SEC or a State;
- (e) any entity that does not qualify under other sections of Rule 501(a) that owns “**investments**” (as defined in Rule 2a51-1(b) under the Investment Company Act) in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered;
- (f) a business development company (as defined in Section 2(a)(48) of the Investment Company Act);
- (g) a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;
- (h) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 (“**ERISA**”), if the investment decision is made by a plan fiduciary (as defined in Section 3(21) of ERISA), which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors;
- (i) a private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended);
- (j) a bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity, or any insurance company as defined in Section 2(13) of the Securities Act;
- (k) an entity in which all of the equity owners are Accredited Investors;

- (l) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets of more than \$5,000,000; or
- (m)a “**family office**,” as defined in Rule 202(a)(11)(G)-1 of the Investment Advisers Act, with (i) assets under management in excess of \$5 million, (ii) that is not formed for the specific purpose of acquiring the securities offered and (iii) whose prospective investment is directed by a person who has the knowledge and experience capable of evaluating the merits and risks of the prospective investment will now qualify as an accredited investor. Additionally, “**family clients**,” as defined in Rule 202(a) (11) (G)-1 of the Investment Advisers Act, of a qualifying family office whose prospective investment is directed by such family office will now qualify as an accredited investor; and
- (n) one of the Company’s officers.

In addition, the SEC has issued certain no action letters and interpretations in which it deemed certain trusts to be Accredited Investors, such as trusts where the trustee is a bank as defined in Section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clause (i) or (ii) of this paragraph (h). However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.

For purposes of calculating your Net Worth, “**Net Worth**” means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person’s primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount up to the home’s estimated fair market value as long as the mortgage was incurred more than 60 days before the securities were purchased, but includes: (i) any mortgage amount in excess of the home’s fair market value and (ii) any mortgage amount that was borrowed during the 60 day period before the closing date for the sale of securities for the purpose of investing in the securities. In the case of fiduciary accounts, the net worth and/or income suitability requirements must be satisfied by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Units.

This Offering shall be undertaken under 506(c) of the Regulation D under the Securities Act of 1933, as amended, which allows the Company to use general solicitations and public advertisements to obtain subscriptions for this Offering. All Investors who subscribe to purchase Units for this Offering must be an Accredited Investor.

In order to enter into a subscription agreement for this Offering, all Investors, who are direct investors with Time Equities Securities LLC and not an Investor who is a client of another broker dealer and/or registered investment advisor, (such Investors are referred to as individually a “**Direct Investor**” or collectively, “**Direct Investors**”) shall be required to verify their financial status as an Accredited Investor. For Direct Investors, this may be done by providing a certified public accountant and attorney, or a third-party verification service selected by the Manager, with a letter from an Investor’s broker, (which firm must be either a registered broker dealer and/or registered investment advisor), accountant and/or lawyer that indicates to the Company that such Investor qualifies as an Accredited Investor. Alternatively, a Direct Investor may provide a net worth statement, balance sheet, W-2 and/or tax returns

to verify to the Manager that such Investor is an Accredited Investor. It is up to the Direct Investor to decide which of the above methods will be used to verify to the Manager that such Direct Investor is an Accredited Investor. To the extent an Investor is not a Direct Investor, then it is the responsibility of applicable broker dealer and/or registered investment advisor to establish the suitability of their Investor's participation in this Offering. In such case these Investors, who are not Direct Investors, will not be required to verify to the Manager their status as an Accredited Investor.

In keeping with restrictions imposed by the USA PATRIOT Act and related Acts, neither you nor any subsidiary, affiliate, owner, shareholder, partner, member, indemnitor, guarantor or related person or entity:

- (A) is a Sanctioned Person (as defined below);
- (B) has more than 15% of its assets in Sanctioned Countries (as defined below); or
- (C) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries.

For purposes of the foregoing, a “**Sanctioned Person**” means:

- (ii) a person named on the list of “**pecially designated nationals**” or “**blocked persons**” maintained by the U.S. Office of Foreign Assets Control, or OFAC, at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, or
- (ii) an agency of the government of a Sanctioned Country, (b) an organization controlled by a Sanctioned Country, or (c) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

A “**Sanctioned Country**” shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>, or as otherwise published from time to time.

IF YOU DO NOT MEET THE REQUIREMENTS DESCRIBED ABOVE, IMMEDIATELY RETURN THIS MEMORANDUM TO THE FUND OR THE APPLICABLE SELLING GROUP MEMBER. IN THE EVENT YOU DO NOT MEET SUCH REQUIREMENTS, THIS MEMORANDUM WILL NOT CONSTITUTE AN OFFER TO SELL UNITS TO YOU.

The Company will not accept any charitable remainder trust as an investor in Units.

Discretion of the Manager. The Investor Suitability Requirements stated above represent minimum suitability requirements, as established by the Manager, for investors. Accordingly, the satisfaction of applicable state requirements by an investor will not necessarily mean that the Units are a suitable investment for such investor, or that the Manager will accept the investor as a subscriber. Furthermore, the Manager may modify such requirements in its sole discretion for all or certain investors, and any such modification may raise the suitability requirements for investors. Notwithstanding the foregoing or anything contained to the contrary in this Memorandum, all subscribers and purchasers of Units must be Accredited Investors as defined in Regulation D.

The written representations made by Investors will be reviewed to determine their suitability. The Manager may, in its sole discretion, refuse a subscription for Units if it believes that an investor does not meet the applicable Investor Suitability Requirements, the Units otherwise constitute an unsuitable investment for the investor, or for any other reason.

Please be advised that in compliance with the regulations of OFAC and the Financial Crimes Enforcement Network (“*FinCEN*”), TES may require prospective investors to provide additional detailed information. This information gathering is a crucial part of our due diligence process and is necessary to ensure adherence to anti-money laundering laws and regulations. As part of this process, investors may be asked to disclose comprehensive details regarding their entity structures, ownership percentages, and other pertinent information that aids in confirming compliance with OFAC standards and FinCEN reporting requirements. This information is vital for the Fund to maintain regulatory compliance and to prevent any unlawful financial activities. The Fund requests the full cooperation of all prospective investors in providing the necessary information promptly. Your responsiveness and transparency in this matter are essential for a smooth and compliant investment process. Please note that failure to provide requested information in a timely manner may result in delays or potential disqualification from investment opportunities within the Fund. The Fund appreciates your understanding and cooperation in adhering to these regulatory requirements, which are designed to protect all stakeholders involved in the investment process.

SUMMARY OF THE OFFERING

The following material is intended to provide selected limited information regarding the Fund and this Offering and should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum.

You are urged to read this entire Memorandum before investing in the Fund. This Memorandum contains forward-looking statements that involve risks and uncertainties. The Fund's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under "**Risk Factors.**"

Securities Offered: The securities being offered hereby are units of Membership Interests in the Fund (the "**Units**"). Such Units are being offered by the Fund at \$5,000 per Unit. The minimum purchase is 5 Units (\$25,000), except that the Fund may permit certain Accredited Investors to purchase fewer than 5 Units, in its sole discretion. See "**Description of Limited Liability Company Units**" and "**Summary of the Operating Agreement.**"

Initial and Maximum Offering Amounts: The initial maximum offering amount is **\$100,000,000** or **20,000** Units ("**Initial Maximum Offering Amount**"). Notwithstanding the above, if the Fund is oversubscribed on or prior to the Offering Termination Date, as such may be extended, the Manager, in its sole discretion, may increase the amount of the Offering to the maximum offering amount of **\$150,000,000** or for an additional 10,000 Units ("**Maximum Offering Amount**"). In that case, the total number of Units may then be increased to 30,000 Units.

Plan of Distribution: Time Equities Securities LLC, a New York limited liability company ("**TES**"), and an Affiliate of the Manager, will act as the Managing Broker-Dealer for the Offering. The Managing Broker-Dealer and the Selling Group will make offers and sale of Units on a "**best efforts**" basis. The commissions payable to the Managing Broker- Dealer and the Selling Group are described in "**Plan of Distribution**" and "**Marketing of Units.**"

Offering Termination Date: The Units are being offered until the earlier of: (i) the sale of 20,000 Units for a maximum aggregate offering amount of \$100,000,000 or 30,000 Units for a maximum aggregate offering of \$150,000,000, if the Manager decides to increase the amount of the Offering based on the Fund being oversubscribed; or (ii) **December 15, 2027**; or (iii) the termination of this Offering at an earlier date in the sole

discretion of the Manager, as such date as such may be extended below, is hereinafter referred to as the (“**Offering Termination Date**”). The Manager, at its sole option, shall have the right to extend the Offering Termination Date for up to an additional year. The Manager shall exercise such extension right for the Offering Termination Date in a written notice to the Members of the Fund, through providing them with a copy of an Addendum to the Offering, which indicates such extension, at least thirty (30) days prior to the initial Offering Termination Date.

Term of the Fund:

It is a business objective of the Fund to attempt to make Distributions through earnings, refinancing and/or sales, equal to or greater than at least 100% of the amount invested in the Company by a Member on or prior to date which is ten (10) years after the Offering Termination Date (including any extension, if applicable) (“**Ten Year Date**”). In the event that the Company has not sold and/or refinanced a sufficient number of Properties, and/or assets in order to distribute to the Members 100% of the amount invested in the Company by the Members on or prior to Ten Year Date, the Company will attempt one or more of the following: (1) to sell and/or refinance such portion of the Properties; (2) the Fund may elect to offer to redeem all or a portion of a Member’s Membership Interest; or (3) the Manager of the Fund may arrange to offer to purchase from the Members the pro rata amount of their Membership Interests; each as necessary in order to distribute to the Members 100% of the amount invested in the Company by the Members to the extent such amount has not been previously paid on a cumulative basis. Notwithstanding the fact that 100% of the amount invested in the Company by a Member has been returned, each Member shall continue to be entitled to receive their pro rata share of additional distributions, if any, which may be made by the Company until all of the investments owned by the Company have been liquidated. In addition, subject to the above plan to return 100% of the amount invested in the Company by a Member, the Company may, at its option, reinvest all or any part of the net proceeds from a sale and/or financing to make additional investments for the Company. See the Operating Agreement, which is attached as Exhibit B.

Organization:

The limited liability company for the Fund was recently formed on March 12, 2025, as a limited liability company under the Delaware Limited Liability Company Act.

Properties – Description:

For purposes of this Memorandum, “**Properties**” or “**Projects**” shall refer to the real estate properties, mortgage loans and/or ownership interests therein acquired by the Company directly or as a member of a limited liability company, and “**Property**” or “**Project**” shall refer to any or all of such real and tangible or intangible personal property or properties as may be acquired by the Company, including the Properties or other entity.

The Fund has been formed to acquire a diversified portfolio of real estate investments such as:

- (i) to acquire Properties that are substantially or wholly rented and operating on a stabilized basis;
- (ii) to purchase Properties that are partially or entirely vacant, but have additional lease-up potential and are being acquired at favorable prices due to the fact that such Properties are in need of lease-up, or redevelopment, or renovation and/or once leased-up will operate on a more favorable stabilized basis;
- iii) to purchase equity interests in existing companies managed by an Affiliate of the Manager at fair market value and in which Time Equities Securities LLC is the managing or broker dealer for such offerings;
- (iv) to acquire or invest in loans secured by property owned by third parties, including but not limited to, retail, office, multi-family, mixed use buildings, industrial buildings, residential and/or commercial condominiums, parking garages, vacant land for development and/or redevelopment. Such loans acquired or invested in may consist of secured debt through either a mortgage or deed of trust, a pledge of all of the ownership interests of a borrower, and/or subordinate B-Piece lender participation interests in mortgage or mezzanine debt;
- (v) to purchase stock in real estate related publicly traded companies, including REITS, and/or other public or private companies;
- (vi) to use up to 10% of the Invested Capital of the Fund make loans on a secured and unsecured basis yielding no less than the Preferred Return (6% per annum).

As an income and opportunity fund, it is anticipated the Fund will acquire a blend of income (“**Income Properties**”) and

turnaround properties (“**Opportunity Properties**”). The Fund will be seeking to purchase Income Properties that have a stabilized occupancy and are projected to yield (on average) in excess of 6% per annum on Invested Capital. The Opportunity Properties sought by the Fund will include properties (or mortgages that are secured by properties) that require a leasing and/or redevelopment plan to be implemented, but if successful, they may provide “**cash out**” refinancing opportunities, in whole or in part, as well. Opportunity Properties are likely to be completely vacant or with significant vacancies when purchased and in need of repositioning.

The Fund’s investment may consist of either a partial or entire ownership interest of a Property. As to partial ownership interests, the other beneficial owners of a Property may be Affiliates of the Manager, a third-party joint venture partner or tenant in common owners. In the case where the other beneficial owners are Affiliate(s) of the Manager, the Manager shall control and have management authority over any such Affiliate. In the case where the other beneficial owners are third-party joint venture partners or tenant in common owners, the Manager may either have sole or joint control and management authority as to any such applicable Property, or consent rights as to major decisions. In any event, the investors in the Fund will not have any management authority as to the operation of the Properties to be included in the Fund.

Ownership of a Property can consist of fee title ownership, a mortgage or a long-term leasehold interest. The Fund will own its interest in a Property either directly as the sole member of a newly created owner (including a tenant in common owner) through partnership interests in partnerships or membership interests in single or multi-member limited liability companies.

Properties to be acquired may consist of those located in the United States and internationally. As to international acquisitions, the Manager intends that they will be structured so Investors do not have to file any foreign income tax returns and, in those countries, where taxes paid from income generated in any such foreign country may result in a tax credit against one’s U.S. taxes.

The Fund may also participate in discounted or par value debt purchases, some of which may involve properties that Affiliates of the Manager or a third-party joint venture partner already own or have an interest therein. Under such circumstances where an Affiliate of the Manager owns all or a part of a Property, the Fund may be given the opportunity to participate in the balance of the equity required to purchase such debt if the existing owners or investors do not elect to fund the entire amount of such purchase price, on the same terms and conditions as offered to existing owners or investors.

The terms of the purchase and sale agreements for the Properties and/or other real estate related investments are not currently known. The Fund may be responsible for all of the closing costs associated with any Property acquired by the Fund (or its pro rata portion of such costs in the event the Property being purchased by the Fund is a partial interest, or the Property is being acquired through a joint venture with other entities), and it is likely that the Fund (or applicable joint venture) will be required to establish reserves for the Properties. See “**Investment Strategies**” and “**Description of the Properties**”.

Joint Venture Properties:

It is anticipated that some investments may be made with joint venture partners. Property revenues for the applicable Property, for the most part, will be shared with the joint venture partner on a pro rata basis, except in certain cases, the joint venture partner could be entitled to a higher percentage of project revenues after a certain rate of return has been achieved (which might also include the repayment of the entire invested capital for the particular Property before this higher percentage takes effect). The joint venture partners may have different investment objectives and may have a different ability to provide additional capital to a Property.

Other Entities Formed by the Manager and/or its Affiliates:

It is likely that the Manager and its Affiliates will form other entities which may have similar investment objectives to the Fund. The Manager intends, but there is no requirement, that during the Fund’s investment period, if a Property meets the investment criteria for the Fund, including without limitation, the projected return on investment and investment hold period, that the Fund will acquire all or a portion of such Property. However, the Manager and its Affiliates will have broad

discretion regarding the acquisition of Properties by the Fund, and it is possible that certain Properties meeting the Fund's investment objectives will not be offered to the Fund for acquisition. In some cases, returns from Properties not included in the Fund's portfolio might exceed the returns that are included in the Fund's portfolio. See "Conflicts of Interest."

Properties – Financing:

The Fund may decide to finance the purchase of the Properties with Offering Proceeds and loans obtained from third party lenders and/or Affiliates of the Manager. The Manager anticipates that the aggregate loan-to-value ratio for the Properties acquired will be between 0% and 75% based on the purchase price of a Property and/or the appraised value of such Property at the time of such financing with a target of 50-75% overall leverage for the Fund's portfolio; provided, however, that the Fund may obtain financing that exceeds such loan-to-value ratio in its sole discretion. The Manager has not obtained any financing commitments for any Property. See "**Acquisition and Financing Terms.**"

Projects – Management:

Time Equities, Inc., an Affiliate of the Manager (the "**Asset Manager**" or "**TEI**"), will asset or property manage the Properties and will receive an asset and/or property management fee in connection with such services. It is anticipated that, in some cases, the Asset Manager will hire local property managers to manage the day-to-day operations of some of the Properties. See "**The Manager – The Asset Manager.**"

Fund Objectives:

The principal objectives of the Fund will be to: (i) preserve the Members' capital investment, (ii) provide the Members with stable returns from a diversified investment portfolio; (iii) realize income through the acquisition, operation, management, sale and/or financing of the investments; and (iv) continue to maintain ongoing quarterly distribution payments after Members have received back their Invested Capital (on a cumulative basis, including all Distributions made by the Fund). There is no assurance that any of these objectives will be achieved. See "**Fund Business Plan.**"

Manager: Time Equities Management VII, LLC, a Delaware limited liability company formed on March 12, 2025, is the Manager of the Fund. TEI Manager LLC, a Delaware limited liability company is the manager and member of the Manager. TEI Manager LLC is co-managed by Francis Greenburger and Robert Kantor, the chief executives of TEI. Francis Greenburger is the founder, sole shareholder, director, Chairman and Chief Executive Officer of TEI. Robert Kantor has been the President of TEI since 1985. TEI is a diversified real estate management and investment company that was established in 1966. Many of TEI’s principals, officers and employees, including Mr. Greenburger and Mr. Kantor, have substantial experience in the acquisition, ownership, development, financing, leasing and management of real property. See “**The Manager**”, “**Risk Factors – Risks Relating to the Formation and Internal Operation of the Fund – Experience of Manager**” and “**Prior Performance of Certain Affiliates of the Manager.**”

Members: The members of the Fund (the “**Members**”) will be the purchasers of the Units offered hereby, including the Manager or its Affiliates. Each Member’s liability will be limited to the amount of such Member’s Capital Contribution to the Fund (i.e., \$5,000 per Unit). Units are transferable only upon the satisfaction of certain requirements. The Manager and/or its Affiliates will become the initial Members of the Fund in connection with their purchase of the Initial Maximum Offering Amount. See “**Summary of the Operating Agreement.**”

Preferred Return: The Members will be entitled to a 6% cumulative, but not compounded, annual return on a Member’s Unreturned Capital Contributions (“**Preferred Return**” or “**6% Preferred Return**”).

Quarterly Distributions: The principal objectives of the Fund include quarterly Distributions to the Members, part of which, in the Manager’s discretion, may be funded from Offering Proceeds during the initial few years of the Fund. The Manager will target Properties that the Manager believes will provide to the Members a current 6% Preferred Return on Invested Capital. The Fund intends to begin making the quarterly Distributions to the Members beginning in the first full quarter after the

acquisition of the first few Properties acquired by the Fund. **There can be no assurance that this objective will be achieved.**

Distributions to the Members:

Cash available for Distribution from both: (i) net cash flow income generated by the Properties in which the Fund has ownership interests, as determined by the Manager with respect to each year, and (ii) the proceeds from the sale or refinancing of the Properties or other capital transactions that are available for Distribution to Investors (after transaction costs, repayment of liabilities, required or intended to be paid therefrom and retention of such amounts for reserves as the Manager determines is prudent) will be distributed in the following order of priority:

Cash Distributions to Investors from Net Cash Flow.

- (i) First, 100% to the Members (including the Manager for their portion of the Invested Capital), quarterly, on a pro rata basis until the Members have received with respect to such fiscal year an amount equal to 6% per annum on their unreturned Invested Capital, calculated on a cumulative basis, without compounding (the “**6% Return**” or “**Preferred Return**”);
- (ii) Thereafter, 60% to the Members (including the Manager for their portion of the Invested Capital) pro rata in proportion to the amount of their unreturned Invested Capital and 40% to the Manager.

Distributions to Investors from a Capital Transaction.

Proceeds from the sale or financing of the Property or other capital transactions, that are available for distribution to the Investors, will be distributed to the Members as follows:

- (i) First, 100% to the Members (including the Manager for their portion of the Invested Capital) on a pro rata basis until the Members have received a cumulative 6% Return, to the extent not previously paid,

- (ii) Second, 100% to the Member (including the Manager, on a pro rata basis as a return of Invested Capital) until all of the Members have received a return of 100% of their Invested Capital; and
- (iii) Thereafter, 60% to the Members (including the Manager for their portion of the Invested Capital) pro rata in proportion to the amount of their unreturned Invested Capital and 40% to the Manager.

Notwithstanding the above, net proceeds from the sale or financing for the Properties may also be used for the working capital needs of the Company and/or the acquisition of other Properties.

Compensation to the Manager and its Affiliates:

The Manager and its Affiliates are entitled to receive substantial fees, compensation and distributions as follows for the purchase of Properties:

(1) The Asset Manager generally charges an acquisition fee of 2%, although in special circumstances or in joint ventures, the Asset Manager may be entitled to receive an acquisition fee of up to 4% of the purchase price of the Properties. In addition, if an Affiliate of the Manager (including the Asset Manager) also receives a real estate commission on the purchase of a Property, the acquisition fee will be reduced to the extent that the combination of the acquisition fee and the real estate commission would exceed 4% of the purchase price of such Property. To the extent an Affiliate of the Manager transfers a Property to the Company or an entity in which the Fund is a member, there will only be one acquisition fee to be paid or reimbursed in connection with the acquisition of any such Property.

(2) The Asset Manager, if it is the managing agent for a Property, will be entitled to receive a property management fee with respect to each Property equal to then current market rates. In the event the Asset Manager hires a sub-manager with respect to any Property, any fee paid to such sub-manager will be paid out of the property management fee paid to the Asset Manager.

(3) The Asset Manager will receive leasing commissions equal to then current market rates. Any leasing fees due to outside brokers will be paid out of the leasing commission paid to the Asset Manager.

(4) The Asset Manager will receive a construction management fee equal to 5% of the amount for contract of \$25,000 or greater (including related professional services) expended for construction, tenant improvement or repair projects with respect to a Property except for elevator improvements, the construction management fee will be 1% of such costs. In the event that a tenant completes its own tenant improvements, the construction management fee will be 2% of the amount expended for such tenant improvement.

(5) The Asset Manager will also be entitled to receive an annual asset management fee in an amount equal to 1.5% of the collected rents for the Properties, payable in monthly installments.

(6) The Asset Manager will be entitled to receive a financing fee in an amount up to 1% of the amount of any financing or refinancing obtained with respect to a Property. In the event that an outside broker is due a fee with respect to any financing or refinancing, the Fund will be responsible for paying such outside broker in addition to the amount paid to the Asset Manager, provided, however, the total financing fees shall not exceed 1% of the loan amount. There will be no financing fees charged to the Fund for an unsecured loan made to the Fund by the Manager and/or its Affiliates.

(7) The Asset Manager will be entitled to receive a sales brokerage fee (which shall include all third party and internal sales brokerage fees) in an amount up to 6% of the sales price of a Property in connection with any sale, exchange or other disposition of a Property to third party investors. All sales brokerage fees due to a third-party broker in connection with any sale, exchange or disposition of a Property will be paid out of this sales brokerage fee.

Investor Suitability Requirements:

The Offering of the Units by the Fund is strictly limited to a Person who satisfies the Investor Suitability Requirements. See “**Who May Invest.**”

Use of Proceeds:

The Offering of 20,000 Units, as set forth in this Memorandum, is being made to capitalize the Fund with an amount sufficient, when coupled with proceeds from anticipated loans, to acquire the Properties. See “**Estimated Use of Proceeds.**”

Payment of Subscription Amount:

Cash tendered by Investors to the Fund in payment for Units, upon acceptance of their Subscription Agreements, will be paid to the Fund and deposited into its operating account. There will be no escrow of Subscription payments from third party Investors.

Co-Investment by the Manager and/or their Affiliates:

Affiliates will acquire Units as the Units are sold so that the Affiliates’ equity investment in the Fund, when added to any direct investments made in properties that are partially acquired by the Fund, equals **10%** of the total Offering Proceeds. Thus, direct investment in the Properties by Affiliates shall be counted toward such **10%** co-investment requirement. Such co-investment requirement shall be determined without regard to any deduction for Selling Commissions and Expenses.

Affiliates will co-invest in the Properties and/or the Fund so the aggregate amount of such co-investment in the form of capital contributions to either the Fund and/or the Properties shall be at least **10%** of the aggregate subscriptions received from investors for the Fund (the “**Co-Investment**”). Such Co-Investment shall consist of either Units purchased in the Fund by Affiliates and/or ownership interests acquired in the Properties by any such Affiliates. Such Co-Investment as to the acquisition of Units by Affiliates shall be determined without regard to deduction for Selling Commissions and Expenses. Such Co-Investment applies to the Initial Maximum Offering Amount of \$100,000,000 and not to any increase in the Offering Amount. For purpose of determining the amount of such Co-Investment, the total amount invested by any Affiliates, without deduction for any ownership interest held by any third party or entity, shall be included, provided, Francis Greenburger, Robert Kantor and/or TEI (or any entity controlled by any of them) have management authority over any such Affiliate entity.

Such Co-Investment shall be required to be made by Affiliates as of the Offering Termination Date and thus not necessitate a match every time new subscriptions are received. The Manager shall complete a calculation of the amount of such Co-Investment within a reasonable period of time after the Offering Termination Date. To the extent there is any deficiency in the amount of such Co-Investment, after such calculation is completed, any Affiliate of the Manager shall promptly purchase the required number of Units (or partial Units) in the Fund to eliminate any such Co-Investment deficiency. If necessary, the Offering Termination Date shall be automatically extended to allow Affiliates to purchase Units to eliminate any such deficiency. Such extension of the Offering Termination Date shall not extend the time for any third-party investor to invest in the Fund. In any event, the Manager shall undertake reasonable measures, if possible, to avoid having to extend the Offering Termination Date to cure such Co-Investment deficiency. It is recognized that such deficiency could be created if an overwhelming amount of subscriptions are received close to the Offering Termination Date.

The following are some examples of the manner in which such Co-Investment amount shall be calculated. In each such example the applicable entity either purchases Units in the Fund for \$1,000,000 or contributes \$1,000,000 for the acquisition of a Property, in which the Fund will also invest, and such investment by the applicable entity in the Property will be made in the form of a membership interest in the owner of the Property, which may include one of the tenant in common owners of such Property.

Examples

- 1) Entity A is managed by Francis Greenburger, Robert Kantor and/or TEI and Entity A is partially owned by a trust for the benefit of the children of either of Francis Greenburger or Robert Kantor. Since Entity A would qualify as an Affiliate of the Manager, based on the above management and partial ownership of Entity A, the entire \$1,000,000

capital contribution would be counted as a Co-Investment by Affiliates of the Manager.

- 2) Entity B is a joint venture limited liability company co-managed by Time Equities, Inc. and a third-party joint venture entity and Entity B is owned by two members, each containing multi-members and only one of these two members are managed by Francis Greenburger and/or Robert Kantor. Francis Greenburger owns a 50% interest in such entity. The other member is 100% owned and managed by third-parties. Since Time Equities Inc. is a co-manager in this joint venture limited liability company and Francis Greenburger owns a 50% interest in one of the members, the entire \$1,000,000 capital contribution shall be counted as part of this Co-Investment.
- 3) Entity C is managed by Francis Greenburger and Robert Kantor, and entity C subscribes to purchase Units in the Fund for \$1,000,000. Entity C is partially owned by Francis Greenburger, Robert Kantor and/or a trust for the benefit of their children. Based on the above management and partial ownership of Entity C, the entire subscription amount of \$1,000,000 shall be counted toward this Co-Investment.

For purposes of what constitutes an Affiliate as used in the above Co-Investment provisions, “**Affiliates**” shall mean any of the following: (i) a principal, member and/or manager of the Manager, their respective family members and/or trust for the benefit of family members; or (ii) any entity which is directly and/or indirectly managed, or co-managed with a third party joint venture partner, by any of the principals, managers and/or members of the Manager (including Francis Greenburger, Robert Kantor and/or TEI) and in which Affiliates own a beneficial ownership interest in such entity, regardless of the amount of such beneficial ownership interest. Affiliates shall also include any employees of TEI.

To satisfy the co-investment requirement, the Affiliates of the Manager may make contributions of property to the Fund in

exchange for Units and such contribution of property will be credited towards the 10% co-investment requirements described above. The value of the property contributed by the Affiliates will be determined by the contributing party's cost for the Property, without any mark-up (including the purchase price and all costs associated with the acquisition and/or financing and the amount of any cash reserves or working capital funded from equity contributions, but reduced by any debt secured by the Property and assumed by the owner of such Property in which the Fund owns a beneficial ownership interest). A Property may only be contributed by an Affiliate of the Manager if the acquisition of any such Property occurs within six (6) months after any such Affiliate of the Manager first acquired any such Property.

Minimum Purchase:

A minimum purchase of 5 Units (\$25,000) will be required, except that the Fund may permit certain investors to purchase fewer Units, in its sole discretion. See “**Plan of Distribution – Capitalization.**”

Redemptions:

A “**Redemption**” means any redemption or repurchase of Units or Membership Interests in the Fund, including (i) Initial Redemptions occurring during the Initial Redemption Right Period, and (ii) Standard Redemptions occurring after the expiration of the Initial Redemption Right Period.

Initial Redemption Right:

After the first full calendar quarter following the funding of an Investor's subscription payment, Investors, on a first come first served basis, at their option, may redeem all or any part of their Unreturned Capital Contributions, subject to the quarterly and annual Redemption Caps, as described below (“**Initial Redemptions**”). Initial Redemptions are not permitted during the first full calendar quarter after Invested Capital is funded.

After the first full calendar quarter following the funding of Invested Capital, the following Redemption Fees, on the amount redeemed, shall be paid to the Fund for Redemptions that occur during the first (1st) through fifth (5th) years (the “**Initial Redemption Right Period**”) following the funding of an Investor's initial subscription amount:

Time Period for Redemptions	Amount of Redemption Fee (based on amount of Redemption)
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1 st year (months 01-12)	12%
2 nd year (months 13-24)	10%
3 rd year (months 25-36)	7%
4 th year (months 37-48)	5%
5 th year (months 49-60)	2%

Based on the above percentages, the amount of any Redemption Fee paid to the Fund shall be based on the amount of Invested Capital redeemed. The amount of any Redemption Fee will be deducted from the Redemption amount paid to an Investor. After the expiration of Initial Redemption Right Period, Investors may redeem their Unreturned Capital Contributions in accordance with the Repurchase or Redemption of Units following the Initial Redemption Right Period set forth in this Memorandum. The Initial Redemption Right shall be subject to a cap in any particular calendar quarter of 6.25% and 25% during each calendar year (the “**Redemption Cap**”), in each case, based on the total Unreturned Capital Contributions for all of the Members of the Fund in existence during any such applicable calendar quarter and/or calendar year, subject to the standard redemption right set forth herein. The Manager, at its sole option, may establish a fixed date in such calendar quarter and/or calendar year to establish the aggregate Unreturned Capital Contribution that will be used to establish the applicable quarterly and/or annual Redemption Cap or alternatively may utilize the actual amount of the aggregate Unreturned Capital Contributions of all of the Members on a rolling basis as Redemption requests are received from the Members. Any requests for Redemption which exceeds the Redemption Cap shall be given priority when the first applicable opening occurs for any such Redemption, in whole or in part, which did not previously occur because of the Redemption Cap.

In addition, without any obligation, the Manager and/or designee may allow for a Redemption which involves the transfer of Units, in lieu of such Redemption if the Redemption Cap has been exceeded for any particular calendar quarter or year.

In the event of a death or Permanent Disability of an Investor, early Redemptions are permitted without payment of any Redemption Fee, even if this occurs during the Initial Redemption Right Period, and without being subject to above Redemption Cap on a quarterly or annual basis.

Redemptions may be undertaken either by the Fund or by the Manager (in such case also by an Affiliate and/or third party designated by the Manager). The Manager shall not have any obligation to undertake any such Redemption and may do so at its sole discretion. If the Manager elects, in lieu of the Fund, to undertake any such Redemption, then the Units and/or Membership Interests shall be purchased by the Manager or its designee (including an Affiliate and/or third party). If the Fund undertakes such Redemption, then the Fund's loan receipts and/or reserves could be used to pay for such Redemption. The Fund shall be entitled to retain any applicable Redemption Fee from the proceeds of the amount of the requested Redemption.

In the event that there is a condition or expected conditions that makes redemptions material adverse to the Company, including a deterioration in general economic conditions, and/or those pertaining to the conditions of the Properties, the occurrence of a force majeure event, and/or the onset of a public health concern or crisis (collectively referred to as an "**Economic Disruption**"), as determined by the Manager in its sole discretion, then the Manager may suspend the ability of Investors to undertake any such redemptions until the Manager, in their sole discretion, determine that such condition or Economic Disruption has subsided to the point where the Manager determines that it may allow such resumption of redemptions.

**Repurchase or Standard
Redemption of Units
Following the Initial
Redemption Right Period:**

Following the Initial Redemption Right Period described hereinabove, if Investors desire to liquidate some or all of their Units or Membership Interests in the Company, subject to the Black Out Period (as described below), the Manager and/or its Affiliates (including the Fund) have agreed to purchase up to five percent (5%) of the outstanding Units issued by the Company annually (the "**Annual 5% Limitation**"), on a first come, first served basis (hereinafter, the "**Standard Redemption**").

The purchase price for the Units in a Standard Redemption shall be equal to the Redemption Value Per Unit times the number of Units being sold (as calculated pursuant to the provisions set forth in the Operating Agreement and as described below) and shall be paid in cash within forty-five (45) days of receipt of the Request for Redemption, provided

an investor timely submits to the Manager the transfer documents for their Unit redemption. Any requests for redemption which exceed the Annual 5% Limitation shall be given priority in the following year but shall be subject to the Redemption Value Per Unit as of December 31st of the prior year. Sales or the redemption of Units shall be in the sole discretion of each Investor, subject to the Annual 5% Limitation. Once the Annual 5% Limitation has been achieved for a particular calendar year, then the Manager shall either post this on the Investor Website or otherwise notify the Investors of same in writing.

Following the Initial Redemption Right Period, but subject to the Black Out Period, Unit owners may request to be advised of the Redemption Value Per Unit (such response to an Investor's request may be accomplished by posting it on the Company's website) which shall be determined in the sole discretion of the Manager, based upon the Manager's determination of the estimated fair market value of each of the Units, taking into consideration the fair market value of the Properties and/or Property Interests owned by the Company and any other assets of the Company, such as cash, securities and marketable receivables, reduced by any liabilities of the Company and any minority interest and illiquidity discounts that may be appropriate. The Redemption Value Per Unit shall be determined as aforesaid as of December 31st of the prior year adjusted for activity which may have occurred after the close of the year. The fair market value of the assets shall be reduced by all estimated selling expenses and closing costs, including closing adjustments, brokerage commissions, legal fees, disposition fees and transfer taxes.

Except as provided below, an Investor shall not be entitled to request a redemption during the Black Out Period during each current calendar year, starting with first calendar year following the Initial Redemption Right Period until the Redemption Value Per Unit is determined by the Manager for the current calendar year. The Black Out Period for each year shall commence on January 1st and continue until the Redemption Value Per Unit is determined by the Manager for the current calendar year unless an Investor, at their option, desires to have their Units redeemed based on the Redemption Value Per Unit applicable during the prior calendar year. An

Investor shall be able to indicate the election of such option on the Redemption Request Form to be submitted to the Manager.

Once determined, it is anticipated, but not guaranteed, that the Redemption Value Per Unit shall remain the same for the entire calendar year, however, the Manager reserves the right at any time, based on current market conditions and/or activities occurring after the close of a calendar year, to update such Redemption Value Per Unit.

If an Investor requests such redemption, they must submit such request by completing and sending in the Redemption Request Form that may be posted on the Investor Website for the Fund. At their option, Investors will be able to electronically submit such redemption request either on the Investor Website or another electronic means of communication. The Manager shall attempt to notify Investors the status of their request for redemption within fifteen (15) business days after receipt of such request submitted on the Redemption Request Form, except if the Redemption Value Per Unit has not yet been determined by the Manager and an Investor has not elected to have such Redemption occur based on last year's Redemption Value Per Unit, then the Manager shall attempt to notify an investor of the status of their request with fifteen (15) business days after the Redemption Value Per Unit is determined by the Manager for the current calendar year.

The purchasers of an Investor's Membership Interest or Units for any such redemption, in addition to it being an Affiliate of the Manager or the Fund, it may also include any other party or person designated by the Manager, including other Investors in the Fund, third party investors and employees of Time Equities Inc. The Manager shall have the right, in its sole discretion, to determine the actual party or person to be the purchaser for such Membership Interest or Units to be redeemed.

In the event that there is a condition or expected circumstance that make Redemption materially adverse to the Fund, including an Economic Disruption, as determined by the Manager in its sole discretion, then the Manager may suspend the ability of Investors to undertake such any Redemptions until the Manager, in its sole discretion, determines that such conditions or Economic Disruption has subsided to the point

where the Manager determines that it may allow such resumption of Redemptions.

Please note that investments in the Fund are intended to be long term in nature and the Fund endeavors to acquire Properties that will generate income and appreciation over a significant period of time. Generally, such properties appreciate, if at all, after some period of time has passed after the date of acquisition and the investment objectives of the Fund are more likely to be achieved during such a period. Accordingly, Investors investing in the Fund are advised that only investable funds that will not be needed to pay for personal expenses and other recurring costs should be committed to the Fund. Redemptions should be seen as a last resort in the case of an emergency.

It should also be noted that the Redemption Value Per Unit may be greater than or less than the amount invested in the Fund and is likely to be less than the amount invested in the early years of the Fund due to the costs incurred by the Fund during the period in which capital is contributed to the Fund and the selling and disposition costs which will be included in the calculation of the Redemption Value Per Unit. See “**Summary of the Operating Agreement**” and the Operating Agreement attached to the Memorandum as Exhibit B.

In addition, as an alternative for the above redemption by an Investor’s of some or all of their Units, as set forth above, based on the Redemption Value Per Unit, the Fund may, in the sole discretion of the Manager and upon the request of a Member or his or her authorized representative, repurchase the Units held by a Member in the case of the death or substantial disability of such Member and, if accepted by the Manager, the purchase price for the repurchased Units will be equal to 88% of the Member’s Unreturned Capital Contributions after deduction of Commissions and Selling Expenses allocated to such repurchased Units. There is no guaranty, warranty or representation that the Manager will approve such redemption or repurchase of any such Units, upon death or substantial disability of a Member.

Emergency Facility Loan:

To the extent investors are in need of funds on an emergency basis, they will have the opportunity to borrow against part of their Unreturned Capital Contribution (the “**Loan**”), based on the loan terms stipulated below:

Amount	Subject to the limitation set forth below, the maximum loan amount will be 25% of an investor’s Unreturned Capital Contributions at the time the loan is funded. Investors can consult with the Equity Department at TES to ascertain their maximum loan amount.
Loan Availability	Such Loan will be available to investors anytime while an investor’s Unreturned Capital Contribution has not been repaid in full.
Lender	The Lender shall be an Affiliate of the Manager and/or its members and/or managers.
Maximum Aggregate Loans to be funded on an Annual Basis	The Lender shall, on a first come first serve basis, only be obligated to fund total aggregate loans, on a calendar year basis, of up to five percent (5%) of the Unreturned Capital Contributions for each particular calendar year. Such maximum amount of the Loan to be funded for any particular calendar year will be determined as of June 30 th of the prior calendar year.
Interest Rate	The interest rate will be fixed at 6% per annum for the entire term of the Loan.
Loan Payments	<p>The Loan will be repaid from all Distributions payable to the investor, including their Preferred Return and Distributions that would be applied to repayment of the Unreturned Capital Contribution of an investor. As a result, an investor will not have to make separate out of pocket payments to pay the interest and principal due under this Loan until the Maturity Date (5 years from the end of the month after the closing of the Loan occurs).</p> <p>For example, if the Unreturned Capital Contribution of an investor is \$100,000 and the investor borrows \$25,000, and assuming the investor would only receive its 6% Preferred Return on an annual basis, this \$25,000 loan would be paid off in full in five (5) years.</p> <p>After the Loan is paid off, the payment of Distributions to the Investor shall be resumed.</p>
Maturity Date	The Maturity Date for the Loan will be five (5) years after the end of the month in which the closing occurs. Any remaining loan balance, plus

	any accrued and unpaid interest, will be required to be repaid by the investor on the Maturity Date.
Right to Prepay the Loan Early	The investor shall be entitled, at any time, to prepay, all or any part of the Loan, without payment of any prepayment penalty.
Collateral for the Loan	The investor shall enter into a Security Agreement in favor of the Lender, whereby the investor shall pledge its Membership Interest in the Fund as collateral for the Loan. To perfect such security interest, a UCC-1 financing statement will be filed with the Secretary of State where the investor resides. Such UCC-1 filing shall indicate that the investor, is pledging to the Lender as collateral for the Loan, all of its membership interest in the Fund. Once this Loan is paid off, the UCC-1 will be terminated. The investor shall have to pay the nominal costs to initially file the UCC-1 and, after the Loan is paid off, the UCC-3 termination statement to terminate such security interest.
Recourse Loan to the Investor	The Loan will be a recourse Loan whereby the investor will be personally liable for the remaining outstanding balance and accrued and unpaid interest if the Loan is not paid off in full by the Maturity Date.
Application Process	Each investor will have to complete a simple application for the Loan and allow the Lender, at its option, to undertake a credit check for the investor. The Lender will have the right to reject the application of an investor if the Lender determines, in its sole discretion, that the investor is an unacceptable credit risk.
Legal Fee to be Paid by the Investor	The investor will have to pay a legal fee to Lender's counsel to prepare the loan documents and close the loan in the amount of 1% of the Loan amount.

Audited Annual Financial Statements and Biannual Project Reports:

Within approximately 180 days after the end of each year, the Fund will make available to the Members an annual report containing a compiled financial statement for the Fund as its tax basis for reporting. In addition, the Fund intends to distribute biannual reports as to the operation of the Properties owned by the Fund. See “**Summary of the Operating Agreement**” and the Operating Agreement attached to the Memorandum as Exhibit B.

Federal Income Tax Consequences:

Income allocated to the Members by the Fund will be taxable as either ordinary income, Section 1231 and Section 1250 capital gains depending on the character of such income.

Income characterized as ordinary will be taxed at the ordinary income tax rates. Income characterized as capital gains will be taxed at short or long term capital gains tax rates, depending on the length of time the Fund holds the capital asset. See “**Tax Risks**” and “**Federal Income Tax Consequences**” for a more complete description of the tax consequences of investing in the Fund.

State Income Taxes:

The Members may have to file and pay taxes in jurisdictions where the Fund owns property and may be subject to withholding for state income taxes. See “**Tax Risks and State Local Taxes.**”

Conflicts of Interest:

The Principals of the Manager may act, and are acting, as the sponsor of offerings of other real estate funds and as a manager of these funds, will have conflicts of interest in allocating management time, services and functions between these various enterprises, including the Fund.

Additionally, the Manager will receive fees and other compensation from the offering and sale of the Units. As a result, conflicts of interest between or among the Fund and the Manager may occur from time to time. See “**Conflicts of Interest.**”

Cohan, Rubenstein, Sappol & Sturman PLLC, a New York professional service limited liability company (“**Cohan Rubenstein**”) will be paid legal fees for the syndication of the offering, including the preparation of this Memorandum, subscription and operating agreements and the preparation and submission of the SEC and state filings in the estimated amount of **\$96,500.00**. The attorneys that are part of the legal department of TEI are also affiliated with Cohan Rubenstein.

Risk Factors:

An investment in the Units involves substantial risks. See “**Risk Factors.**”

RISK FACTORS

The purchase of Units is speculative and involves substantial risk. It is impossible to predict accurately the results to an Investor of an investment in the Fund because of the recent formation of the Fund and general uncertainties in the real estate and financing markets.

This Memorandum contains forward-looking statements that involve risks and uncertainties. These statements are only predictions and are not guarantees. Actual events and results of operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as “may”, “will”, “should”, “expect”, “could”, “intend”, “anticipate”, “plan”, “estimate”, “believe”, “potential”, or the negative of such terms or other comparable terminology. The forward-looking statements included herein are based upon the Manager’s current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Although the Manager believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, the Fund’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, the risk factors discussed below. Any assumptions underlying forward-looking statements could be inaccurate. Purchasers of Units are cautioned not to place undue reliance on any forward-looking statements contained herein. The risk factors for the most part described the Fund as the owner of a Property, when more likely it will own a partial ownership interest in a Property as the member of the owner or a member of one of the tenant in common owners of a Property. Such risks nevertheless apply to the Fund’s partial ownership interest of a Property for which it makes an investment.

In accordance with Regulation D, Rule 506(c) of the Securities Act, this document serves to provide a thorough disclosure of potential risks to ensure informed decision-making by Accredited Investors. Prospective Investors are strongly advised to conduct a careful review of these risks in their entirety and to consult with independent legal, financial, and tax advisors to fully comprehend the potential impacts of these risk factors on their investment in the Fund. You should consider carefully the following risks, and should consult with your own legal, tax, and financial advisors with respect thereto. You are urged to read this entire Memorandum and the Project Supplements before investing in the Fund.

This memorandum does not constitute an offer to sell or a solicitation of an offer to buy any security. Such offers can only be made where lawful under, and in compliance with, applicable law.

No assurance can be given that the investment objectives of the Fund will be achieved or that investors will receive a return on their capital. As with all investments, investment in the Fund involves the risk of loss of capital.

Real Estate Risks

Investments in real estate-related assets can be speculative. Investments in real estate-related assets can involve speculative risks and always involve substantial risks. No assurance can be given that the Manager will be able to execute the investment strategy or that the Investors of the Fund will realize their investment objectives. No assurance can be given that the Investors of the Fund will realize a

substantial return (if any) on their investment or that they will not lose their entire investment in the Fund. For this reason, each prospective subscriber for the Units should carefully read this Memorandum and all exhibits to this Memorandum. **All such persons or entities should consult with their attorney or business advisor prior to making an investment in the Fund.**

General Risks of Investment in the Property. The economic success of an investment in the Fund will depend upon the results of the operations of the Properties, which will be subject to those risks typically associated with investment in real estate. Fluctuations in occupancy rates, rent schedules and operating expenses can adversely affect operating results or render the sale or refinancing of the Properties difficult or unattractive. No assurance can be given that certain assumptions as to the future levels of occupancy of the Properties or future costs of operating the Properties will be accurate because such matters will depend on events and factors beyond the control of the Fund and the Manager. Such factors include, among others, the continued enforceability of tenant leases, vacancy rates for rental real property, financial resources of the tenants, rent levels and sales levels in the local areas of the Properties, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for property such as the Properties, competition from similar projects, interest rates, real estate tax rates, governmental rules, regulations and fiscal policies, including the effects of inflation and enactment of unfavorable real estate, rent control, environmental or zoning laws, hazardous material laws, uninsured losses and other risks. Further, to the extent leases at the Properties provide for rents based on a percentage of tenants' gross receipts, the rental income of the Properties will be dependent, in part, on the level of retail sales achieved by the tenants.

Unspecified Investments. As of the commencement of this Offering, the Manager has not yet identified any Properties for the first investment by the Fund. Thus, Investors will not have an opportunity to evaluate for themselves information about any of the Properties, such as operating history, terms of financing and other relevant economic and financial information. Although the Manager has established criteria to guide it in acquiring Properties for the Fund, the Manager has broad authority and discretion in making investment decisions. Consequently, Investors must exclusively rely on the Manager to make investment decisions. No assurance can be given that the Fund will be able to acquire suitable Properties or that the Fund's objectives will be achieved.

Uncertainty as to Extent of Diversification. The total amount actually raised in the Offering and the number of Properties acquired by the Fund is uncertain. It is possible that the Fund will only purchase several Properties, limiting the diversification of the investments and increasing the risk of loss to Investors. A limited number of Properties may place a substantial portion of the funds invested in the same geographical location with the same property-related risks. In that case, the decline in a particular real estate market could substantially and adversely impact the Fund. Further, the Fund has no plans to acquire or develop any properties or investments. Thus, the Fund may only have limited diversification as to the type of Property it owns. In the event of an economic recession affecting the economies of the states where the Properties are located, or the occurrence of any one of many other adverse circumstances, the performance of the Fund may be adversely affected. A limited number of Properties may increase the risk of loss to the Members. A more diversified investment portfolio would not be impacted to the same extent upon such an occurrence.

No Purchase Agreements for the Property. The Manager is currently in the process of identifying Properties to be purchased by the Fund, but, as of the date of this Memorandum, the Manager has not yet identified any Properties to be acquired by the Fund. As a result, the terms of the purchase

agreements, including the specific Properties to be acquired and the purchase prices of the Properties are unknown at this time. There can be no assurance that the Fund will be able to enter into purchase contracts for a sufficient number of Properties.

Affiliated Sellers. The Fund may acquire Properties from Affiliates of the Manager. Accordingly, the purchase agreements for such Properties will not be negotiated on a third-party, arm's length basis, however, the value of any such Properties, contributed by an Affiliate of the Manager in exchange for Units, will be determined by the Affiliate's cost for such Property, without any mark-up (including the purchase price and all costs associated with the acquisition and/or financing and the amount of any cash reserves or working capital funded from equity contributions, but reduced by any debt secured by any such Property, which is assumed by the Fund.

No Environmental Indemnity. Federal, state and local laws impose liability on a landowner for the release or the otherwise improper presence on the premises of hazardous materials or hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such substances. A landowner may be held liable for hazardous materials or hazardous substances brought onto the property before it acquired title and for hazardous materials or hazardous substances that are not discovered until after it sells the property. Similar liability may occur under applicable state law. However, an innocent landowner defense to environmental liability under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") may be available where a landowner has conducted an appropriate inquiry with respect to potential hazardous substances at and around the subject property in accordance with good commercial and customary practices. Such a defense is generally predicated on obtaining an environmental site assessment that has been prepared in substantial compliance with the "**All Appropriate Inquiry Practices**" identified by CERCLA and the ASTM Standard E1527-05: Standard Practice for Phase I Environmental Site Assessments. Among other things, the overall site assessment must occur no more than one year prior to the date the property is acquired, and certain components of the site assessment must be performed within 180 days of the property acquisition. Although the Fund will attempt to obtain current environmental site assessments for the Properties prior to acquisition, the Fund may not obtain such information. Consequently, the innocent landowner defense may not be available to the Fund if hazardous substances are found within the Properties. Further, similar defenses to environmental liability may not be available under state or local law. If any hazardous materials or hazardous substances are found within the real property underlying the Properties at any time, the Fund could be held liable for cleanup costs, fines, penalties and other costs, particularly if the Fund owns the real property directly rather than through a special purpose entity. If losses arise from hazardous substance contamination which cannot be recovered from other responsible parties, the financial viability of the Properties may be materially and adversely affected which could affect the long term success of the Fund.

Illiquidity of Real Estate Investments. The ownership of the Properties will be relatively illiquid. Such illiquidity will limit the ability of the Fund to vary its portfolio in response to changes in economic or other conditions. This may in turn affect the ability of the Fund to make distributions, if any, to Members.

Occupancy and Renewal of Leases. The Manager will make its determination regarding the acquisition of rental Properties that the Fund intends to acquire based on the Property's projected rent levels. However, there can be no assurance that the Properties will continue to be occupied at the projected rents or that renovations to the Properties will result in increased rents. If the tenants of the Properties do not renew or extend their leases, if tenants default under their leases of the Property, if issues arise with

respect to the permissibility of certain uses at a Property, if tenants of the Properties terminate their leases, or if the terms of any renewal (including the cost of any renovations or concessions to tenants) are less favorable than existing lease terms, the operating results of the Properties could be substantially affected. As a result, the Fund may not be able to make Distributions to the Members at the anticipated levels or at all.

Difficulty Attracting New Tenants. There can be no assurance that the Fund will be able to maintain the occupancy rate at the Properties maintained by the previous owners. The tenants at any Property may have the right to terminate their leases upon the occurrence of specified events. Further, the leases of Property tenants may contain exclusive use provisions that restrict the types of uses that may be allowed within such Property. Any covenants, conditions and restrictions for a Property may also restrict the ability to lease space within a Property for certain uses. 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 a Property. If these expenditures and concessions are necessary to maintain or achieve lease-up at any Property and such expenditures exceed the amount of reserves for a Property, the Fund may not have sufficient funds to make distributions to the Members at anticipated levels.

Estoppel Certificates. The sellers of the non-residential Properties will typically be obligated to provide estoppel certificates for the significant tenants and most of the other tenants of the Properties. Notwithstanding the foregoing, the Manager may not be able to obtain estoppel certificates from all of the tenants at a Property before a Property is acquired. The Manager will rely on copies of leases provided by the sellers in performing its analysis. There can be no assurance that the estoppel certificates, if provided, will conform to the information contained in the leases provided to the Manager.

Undivided Interests. It is anticipated that the Fund may only acquire partial interest in some of the Properties. Thus, the Fund will not be able to make certain decisions regarding such Properties without the approval of the other owners of the Property. Thus, the Fund may not be able to sell or refinance a Property when it determines that it is the best time to do so. The need to obtain the approval of co-owners may negatively affect the value of the Property.

Joint Ventures. It is anticipated that the Fund will acquire Properties through joint ventures with third parties. Although the Fund will not enter into any joint venture where it does not retain at least mutual decision-making authority for the joint venture, the joint venture partners may nevertheless disagree with the Fund's decisions for the Properties. Further, the Fund may have more limited rights than it would if it were the sole owner of the Property. The Fund's joint venture partner or co-investor may have a consent or similar right with respect to certain major decisions with respect to an Investment, including a refinancing, sale or other disposition. Some of the joint ventures may be in the form of tenant in common ownership of the Properties. Property revenues for the applicable Property, for the most part, will be shared with the joint venture partner on a pro rata basis, except in certain cases, the joint venture partner could be entitled to a higher percentage of project revenues after certain rate of return has been achieved (which might also include the repayment of the entire invested capital for the particular Property before this higher percentage takes effect). In addition, the joint venture partner's investment objectives may be different from that of the Fund and they may have a different ability to provide additional capital to a Property. Thus, the joint venture partner may want to sell the Property earlier or later than the Fund and may want to take other actions with respect to the Property that may not be in the Fund's best interest. The joint venture partners may resort to litigation or other means if their concerns are not satisfied, which may adversely impact the Fund. Additionally, the Fund may rely on its joint venture partner or co-investor to

act as the property manager or leasing agent, and, thus, the Fund's returns will be subject to the performance of its joint venture partner or co-investor.

Owning Only a Portion of a Property. The Fund's interest in a Property may only be for a portion of the total ownership, which means the Fund may not have any control over such Property. Changes made to the portions of the real estate Property not controlled by the Fund, including a change in appearance, size or operations, could have an adverse financial impact on the Property or the Fund. Furthermore, the real estate project may be subject to certain restrictive easements and covenants, conditions and restrictions ("CC&Rs") or condominium documents which could restrict the use of the Property and place limitations on the manner in which the Property is operated. The CC&Rs may allow tenants occupying space not controlled by the Fund to place limitations on the way the Fund operates the Property, which also could have an adverse financial impact on the Property.

Possible Delays in the Sale or Refinancing of a Property. The Fund intends that the Properties will be sold and/or refinanced on or prior to **Ten Year Date** (date which is 10 years after the Offering Termination Date (as such may be extended) in order to generate sufficient net proceeds to return 100% of the amount invested in the Fund. It may not be possible to sell and/or refinance the Properties at such time in order to achieve distributions to the Members to return 100% of the amount invested in the Fund. Further, it is anticipated that the loan documents may not allow for prepayment except shortly before the maturity date and may require the payment of a prepayment penalty or the defeasance of a loan and, in the case of a sale where the buyer is assuming the existing loan, the lender's approval of the buyer in order to have the loan assumed. If a Property is not sold as anticipated, the Fund may have to attempt to refinance the loan. Based on historical interest rates, current interest rates are low and, as a result, it is possible that the interest rate that may be obtained upon refinancing will be higher than that of the rate under the initial loans for the Properties. Fluctuations in the supply of money for such loans affect the availability and cost of loans, and the Fund is unable to predict the effects of such fluctuations on the Fund. Prevailing market conditions at the time the Fund seeks to refinance a loan may make such loans difficult or costly to obtain. Such conditions may also adversely affect cash flow and/or profitability of the Fund.

Construction Risks. The Manager anticipates that the Properties will initially, or over the course of the Fund's investment in a Project, require the completion of capital improvements. Construction entails risks that are beyond the control of the Manager and the Fund. Completion of renovations or redevelopment may be delayed or prevented by factors such as adverse weather conditions, strikes or energy shortages, shortages of material for construction, inflation, environmental conditions, zoning, title or other legal matters and unknown contingencies. Changes in construction plans and specifications, delays due to compliance with governmental requirements or imposition of fees not yet levied, or other delays would likely cause construction costs to exceed the amounts available from the Offering Proceeds and any loans to the Fund. The Fund will need to provide funds to pay any construction costs in excess of amounts borrowed. In the event that construction costs exceed funds available, the ability of the Fund to complete the work to be done for a Property will depend upon the ability of the Fund to supply additional funds. There can be no assurance that the Fund will have adequate funds available for that purpose. Any delays in construction may have an adverse impact on the cash flow and long-term success of the Fund.

Delay in Foreclosure. In some instances, the Fund will acquire loans with the intent to foreclose on the Properties secured by such loans (if a deed in lieu of foreclosure is not an option). It is likely that the borrowers under the loan will attempt to delay the foreclosure of the Properties. Thus, the Fund may have extensive costs associated with the foreclosures of such Properties. In addition, if the Property is not

foreclosed within the time frames anticipated by the Fund, the releasing and/or improvement of a Property may be delayed and the cash flow to the Fund may be reduced and/or remain the same (which could be at levels less than projected).

Potential Successor Liability. In relation to loans which it purchases, the Fund could potentially inherit liability to the borrower of such loan for wrongful actions or omissions, including, but not limited to, breach of fiduciary duty and bad faith, or contractual claims, including breach of contract to lend or to forbear, or breach of an implied covenant of good faith and fair dealing. The Fund could incur substantial legal fees, costs and expenses in defending itself against such claims, which could negatively affect the Fund's cash flow and its ability to make distributions to Members and potentially deplete its assets.

Value of Projects. It is possible that the fair market value of a Property securing a mortgage loan which are acquired by the Fund will not exceed the purchase price for the loan that is acquired by the Fund. Thus, the Fund may not be able to re-sell a Property for an amount that is in excess of the amount of the purchase price for a mortgage loan acquired by the Fund. This could adversely affect the Fund's cash flow and its ability to make distributions, if any, to Members.

Bankruptcy of the Borrower. If a borrower under any of the mortgage loans acquired by the Fund file for bankruptcy, the Fund will not be able to foreclose on the Property without the approval of the bankruptcy court. Thus, there could be significant delays and costs associated with the foreclosure of any such Property and obtaining the removal of the bankruptcy stay of such foreclosure proceedings, which could adversely affect the Fund's cash flow and its ability to make distributions to Members.

Lack of Due Diligence Material. If the Fund acquires a mortgage loan for a Property, the Fund may have less information regarding the Property upon its acquisition of the mortgage, as compared to the information it could have received had it instead acquired fee title to the Property. Thus, there is less certainty regarding the performance of a Property when a mortgage rather than the Property itself is acquired and if it does not perform well, it could adversely affect the Fund's cash flow and its ability to make distributions to Members

Earthquakes, Hurricanes and Floods. The Properties may be located in areas in the United States that have increased risk of earthquakes, hurricanes or high winds and floods. An earthquake, hurricane or flood could cause structural damage to or destroy a Property. The Fund does not intend to obtain earthquake, wind or flood insurance for the Properties unless required by a lender. It is possible that any such insurance, even if obtained, will not be sufficient to pay for damage to any Property.

Uninsured Losses and Retained Risk. The Manager will attempt to comprehensively insure a Property in amounts sufficient to permit replacement of a Property in the event of a total loss, subject to applicable deductibles which the Manager will attempt to be in line with the market, but there is no guarantee. However, there can be no assurance that any such insurance will be sufficient to cover all of the damage to a Property, and the Fund may not have a sufficient source of funding to pay for the cost of repairing or reconstructing damaged to a Property. There can be no assurance that any such source of funding will be available to the Fund for such purposes in the future, and in the event that such funding is unavailable, the Fund may lose all or part of their investment.

Property Loss, Business Interruption or Other Liabilities. The Fund may be subject to substantial risk of loss to their investment due to claims by employees, tenants and third parties for

personal injury or property damage; fines and penalties in connection with alleged violations of regulatory requirements; and potentially due to concentration of the same type of property in the market in which a Property is located. Some of these risks may not be covered by the Fund' insurance policy, as certain insurers may have limited available property coverage in response to the natural catastrophes experienced in recent years. If the Fund experience significant losses that are not covered by insurance, whether due to adverse weather conditions or otherwise, or the Fund are required to retain a significant portion of a loss, it could have a materially adverse effect on the Fund' business, financial condition and results of operations, which could adversely affect the operation, financial position, cash flow and/or ability to satisfy debt obligations and to make distributions to the Investors. Liability in such cases may be unlimited but Investors will not be personally liable.

Natural Disasters & Adverse Weather Events. Actual or threatened natural disasters and severe weather events (such as hurricanes, wind- and hailstorms, earthquakes, wildfires, floods, and severe convective storms) could affect the property or the region in which the property is located and disrupt operations, which may adversely impact the business, results of operations, financial condition, and cash flows. The Fund may be exposed to uninsured or underinsured losses, including but not limited to large deductibles or self-insured retentions, that could have a material adverse effect on the business, financial condition, and results of operations. Furthermore, insurance against certain risks, such as hurricanes, wind- and hailstorms, earthquakes, wildfires, floods, and severe convective storms 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 a Property. The Manager will attempt to be in line with the market regarding any deductibles for the insurance, but there is no guarantee. 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 Fund may lose all or part of their investment.

Environmental Regulations and Issues, Certain of Which the Fund May Have No Control Over, May Adversely Impact the Fund. Federal, state and local laws and regulations impose environmental controls, disclosure rules and zoning restrictions which may directly impact the management, development, use, and/or sale of real estate. Such laws and regulations tend to discourage sales and leasing activities and mortgage lending with respect to some properties and may therefore materially adversely affect the Fund specifically. Failure by the Fund to uncover and adequately protect against environmental issues in connection with their investment may subject the Fund to liability as the buyer of such property or asset. Environmental laws and regulations impose liability on current or previous real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at a Property. The Fund may be held liable for such costs as a subsequent owner of such property. Liability can be imposed even if the original actions were legal and the Fund had no knowledge of the presence of the hazardous or toxic substances. The Fund can also be held liable for the entire payment of the liability if the Fund are subject to joint and several liability and the other responsible parties are unable to pay. Further, the Fund as a direct owner in a Property may be liable under common law to third parties for damages and injuries resulting from the environmental contamination emanating from the site, including the presence of asbestos containing materials. Insurance for such matters may not be available. Additionally, new or modified environmental regulations could develop in a manner which could adversely affect the Fund. The Fund may lose all or part of their investment in a Property due to such Environmental liabilities.

Toxic Mold. Real estate may develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem. 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.

Uncertain Economic Conditions. Weakness in local economies and/or the national or international economies, including any credit market weakness and/or volatility, could materially and adversely impact the investments made by the Fund. In addition, softness in a regional or state economy could materially and adversely impact the actual or projected rental rates and operations of Properties acquired by the Fund in such area and therefore, the ability to sell such Properties on favorable terms. The Fund is unable to predict the likely impact of current economic conditions on the real estate industry. As a result, there can be no assurance that the Properties will achieve anticipated cash flow levels. Further, recent world events evolving out of increased terrorist activities and the political and military responses of the targeted countries have created an air of uncertainty concerning the security and stability of world and United States economies. Historically, successful terrorist attacks have resulted in decreased travel and tourism to the affected areas, increased security measures and disturbances in financial markets. It is impossible to determine the likelihood of any future terrorist attacks on United States targets, the nature of any United States response to such attacks or the social and economic results of such events. However, any negative change in the general economic conditions in the United States could adversely affect the financial condition and operating results of the Properties and, thus, the Fund.

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 Fund. While the Manager will attempt to obtain information with respect to compliance with the ADA prior to investing in a Project, there can be no assurance that ADA violations do not or will not exist at a specific Property. If other violations do exist, there can be no assurance that there will be funds to pay for any necessary repairs.

Lack of Representations and Warranties. The Fund may acquire the Properties from sellers who make only limited or no representations and warranties regarding the condition of such Property, the status of leases, the presence of hazardous materials or hazardous substances within such Property, the status of governmental approvals and entitlements for such Property or other matters adversely affecting such Property are discovered, the Fund may not be able to pursue a claim for damages against such sellers except in limited circumstances. The extent of damages that the Fund may incur as a result of such matters cannot be predicted but potentially could result in a significant adverse effect on the value of such real estate.

Competition. The real estate industry is highly competitive and fragmented. The Fund will compete with other real estate companies, many of which have greater financial resources than the Fund. Also, competing properties may be located within the vicinity of the Properties. The Properties will experience competition for real property investments from such other properties, as well as other individuals, corporations and other entities engaged in real estate investment activities. Competition for investments may increase costs and reduce returns on the Properties. It is also possible that tenants from the Properties will move to existing or any new properties in the surrounding area and that the financial performance of the Properties would be adversely affected. Competition may also make it difficult to attract new tenants to the Properties. Such competition may result in decreased profits or in losses for the Fund.

No Appraisals for the Properties. The Fund, other than as part of a financing will not obtain independent third-party appraisals or valuations for a Property before the Fund invests in such Property. If the Fund does not obtain such third-party appraisals or valuations, there can be no assurance that a Property's value will exceed its cost or that any sale or other disposition of such Property will result in a profit. Third-party appraisals will be prepared for lenders financing a Property, in which case the Fund typically will try to obtain a copy of such appraisals for its review. However, the Fund will probably not have the benefit of an appraisal as to the purchase of a Property on an all cash basis.

No Audited Results of Operation. The Fund will not obtain audited operating statements regarding the prior operations of a Property. The Fund will rely on unaudited financial information provided by the sellers of the Properties. Thus, it is possible that information relied upon by the Fund with respect to the acquisition of a Property may not be accurate.

Condemnation of Land. The Properties or a portion of the Properties could become subject to an eminent domain or inverse condemnation action. Any such action could have a material adverse effect on the marketability of a Property or the amount of return on investment for the Members.

Financing Risks

Leverage. It is likely that the acquisition of the Properties will require the Fund to obtain loans. Thus, the Properties will be leveraged. The Fund anticipates that the aggregate loan-to-value ratio for all of the Properties acquired will be 0% to 75%; provided, however the Fund may obtain financing that exceeds such loan-to-value ratio in its sole discretion. The Fund has not obtained a commitment for any loans. Therefore, the amount and terms of any future loans are uncertain and will be negotiated by the Manager. No assurance can be given that future cash flow will be sufficient to make the debt service payments on any loans and to cover all operating expenses. If the Properties' revenues are insufficient to pay debt service and operating costs, the Fund may be required to seek additional working capital. There

can be no assurance that such additional funds will be available. In the event additional funds are not available, the lenders may foreclose on the Properties and the Members could lose their investment. In addition, the degree to which the Fund is leveraged could have an adverse impact on the Fund, including: (i) increased vulnerability to adverse general economic and market conditions, (ii) impaired ability to expand and to respond to increased competition, (iii) impaired ability to obtain additional financing for future working capital, capital expenditures; general corporate or other purposes and (iv) requiring that a significant portion of cash provided by operating activities be used for the payment of debt obligations, thereby reducing funds available for operations and future business opportunities.

Availability of Financing and Market Conditions. Market fluctuations in real estate loans may affect the availability and cost of loans needed for the Properties. As a result of the last economic downturn, underwriting criteria for a loan has become much stricter (including the requirement for generally lower loan to value ratios and the corresponding lower loan amounts), and there is no assurance that the Fund will be able to obtain the required financing to acquire the Properties. Restrictions upon the availability of real estate financing or high interest rates on real estate loans may also adversely affect the ability of the Fund to sell the Properties. Based on historical interest rates, current interest rates are low and, as a result, it is likely that the interest rates available for future real estate loans and refinancing's will be higher than the current interest rates for such loans, which may have a material and adverse impact on the Properties and the Fund.

Unknown Loan Terms. The terms of the loans to be obtained or assumed by the Fund to acquire the Properties will vary and the exact terms are unknown. It is anticipated that the loans may not allow for prepayment until shortly before maturity and that any prepayment may require the payment of a yield maintenance penalty. Consequently, the Fund may not be able to take advantage of favorable changes in interest rates.

Balloon Payments. It is anticipated that the loans obtained to acquire the Properties may have short terms and will require the Fund to make balloon payments on the maturity dates of the loans. If the Fund is unable to make a balloon payment or to refinance a loan for any reason or at reasonable cost, the ownership of a Property could be jeopardized.

Carve-Outs to Nonrecourse Liability. Although the Fund anticipates obtaining loans for the Properties that will be nonrecourse as to principal and interest, it is possible that lenders may require the Manager (or its Principals) and the Fund to be personally liable for certain nonrecourse carve-outs. It is also anticipated that the Fund will be liable for certain springing recourse events. In circumstances where personal liability attaches, the lender could proceed against the Fund's assets. It is possible that the Manager, the Property Manager and/or the Fund could each be responsible for all of the nonrecourse carve-outs or springing recourse events. Members, however, will not be personally liable for any nonrecourse carve-outs or springing recourse events.

Recourse Liability. Although the Fund anticipates that any loan it obtains to acquire a Property will be nonrecourse as to principal and interest, the Manager has the discretion to obtain recourse loans. In the event the Fund obtains a recourse loan and the related Property fails to perform as expected, the Fund may not have adequate cash to make payments due on the loan. If the Fund defaults on a recourse loan, in addition to foreclosing on the related Property, the lender may seek repayment from other assets of the Fund, which would adversely affect the performance of the Fund.

Leveraging a Property allows a lender to foreclose on that Property. Lenders to a Property, even non-recourse lenders, are expected in all instances to retain the right to foreclose on that Property if there is a default in the loan terms. If this were to occur, the Fund would likely lose its entire investment in that Property.

Lender's Approval Rights. A lender for a Property will likely have numerous approval rights, which may include the right to approve commercial leases, any change in the managing agent for Property, alterations or capital improvements to be completed for a Property, transfers of membership interests in the Fund (other than for certain permissible transfers), any assumption of a loan and the disbursement of casualty and condemnation proceeds. A lender may refuse to grant any such requested approval and/or may impose conditions and/or require fees to be paid to such lender or its servicer in order to obtain and/or review any such approval request. A lender or its servicer may not respond timely to any such approval request and this could jeopardize the matter or result in the loss of the deal (i.e. a lease with a new tenant) to which such lender's approval is required. A lender, depending on the terms of the loan documents, may decide to apply insurance and/or casualty proceeds to pay down the debt rather than to restore the applicable Property. This may require such loan to be refinanced in order to restore the Property. It is generally more difficult to refinance a Property which requires restoration.

Restrictions on Transfers. It is anticipated that the mortgage loans for the Properties will restrict the ability of the Fund to sell its interest(s) in the Properties. Thus, the Fund may not be able to sell a Property, or its interest therein, when the Fund believes it is the best time to do so.

Variable Interest Rates and Interest Only Loans. It is anticipated that loans obtained by the Fund may have variable interest rates. In the event that the interest rate on any loan increases significantly, the Fund may not have sufficient funds to pay the required interest payments. In such event, the continued ownership of the applicable Property may be threatened. In addition, it is anticipated that some of the loans will only require interest payments. Thus, balloon payments of principal will be due upon maturity. In the event that the Property has not been sold or refinanced before such balloon payment is due, the continued ownership of the applicable Property by the Fund will be threatened.

Events of Default. It is anticipated that certain actions by the Fund will cause an event of default under the loan documents. Generally it is anticipated that the following items will cause a default under a loan, the failure to pay required payments under the loan, the failure to pay taxes, the failure to maintain insurance, the assignment by an owner of the Property of an interest in the Property to a creditor, the bankruptcy of an owner of a Property, the filing of an action for partition or the transfer of an interest in the Property without lender's consent will constitute an event of default under a loan. Additional events of default may be applicable for some or all of the loans. Should any of the owners of a Property, or the Property Manager, default under a loan for any reason, the lender may declare a default under the applicable loan, which could result in foreclosure by the lender on the applicable Property and the loss of all or substantial portion of the investment made by the Fund.

Risk as to Cash Sweep if a Financing is a CMBS Loan. To the extent a loan for a Property is a CMBS (commercial mortgage back securities) loan, then there is a risk that if such applicable Property does not generate, over a trailing six month or one year period, the required minimum debt service coverage ratio, stipulated in the loan agreement (generally between 1.10x to 1.50x) ("**Minimum DSCR**"), then balance of the net operating income, if any, after payment of monthly debt service, reserves and operating expenses, shall be retained in a cash management account under the exclusive control of the lender and

its servicer until the Minimum DSCR can be achieved for the stipulated trailing period in the loan agreement. If this occurs, then despite the fact that there may be net operating income for such Property, after payment of debt service, reserves and operating expenses, there will be no funds for Distribution from such Property. Also, the amount of this cash reserve held by the lender will be a larger amount to the extent the Minimum DSCR is higher. There may be other triggers for a Cash Sweep, such as a default by an anchor tenant, its failure to renew their lease by some specified time period prior to its lease expiration date, such anchor tenant ceases operations (going dark) at its leased premises and/or the filing of any bankruptcy proceedings for such anchor tenant.

Debt service coverage ratio is generally defined as the ratio calculated as of the last day of the calendar month immediately preceding the applicable date of determination, the quotient obtained by dividing (1) the net cash flow by (2) the aggregate actual debt service (excluding reserve funds) projected over either a six (6) or twelve (12) month period subsequent to the date of calculation.

Risk as to COVID Pandemic

While the Centers for Disease Control and Prevention (“**CDC**”) has officially declared the end of the COVID pandemic, the effects, consequences, and potential re-emergences remain as relevant and impactful risks. The declaration by the CDC does not negate or diminish the possible adverse effects of the pandemic or its aftermath on this Offering and the Fund.

The ongoing spread of COVID and its fallout present significant and uncertain risks with respect to this Offering and the operations of the Properties and tenants of real properties. COVID has created a significant disruption in the global economy. Given the current landscape, the global outbreak of COVID presents many significant challenges and will have ramifications across many industries both in the near and long term, including the real estate industry. COVID is a public and political crisis, and unknown disruptions may occur. The effects of COVID are undoubtedly far reaching and will continue to pose significant and uncertain risks. It is impossible to determine the social and economic results of COVID. Any negative change in the general economic conditions in the United States could adversely affect the financial condition and operating results of the Properties. In addition, a Property’s revenues and operating results may be affected by uncertain or changing economic and market conditions. If global economic and market conditions, or economic conditions in the United States or other key markets, remain uncertain or persist, spread, or deteriorate, the Tenants may experience material impacts in their financial conditions, which may affect a Property’s operating results. Due to the uncertainty surrounding COVID and its ramifications, Investors may lose a significant portion of their investment in the Fund. Potential COVID risks in connection with this Offering, the Properties and the tenants of real properties, include, but are not limited to, the following:

1. Self-quarantine or actual viral health issues may result in management, employee or staff shortages.
2. COVID may be spread through encounters at a Property.
3. Lawsuits may be filed in relation to COVID issues at a Property.
4. Owners of the Properties and tenants of real properties may face increased costs from continual heightened sanitation efforts.

A prolonged economic downturn from the negative effects of the virus could result in job loss and tenant bankruptcies.

There is significant uncertainty concerning security and the stability of world and United States economies.

There can be no assurances the Properties will achieve projected cash flows.

The outbreak of the COVID pandemic has and could result in widespread restrictions and closures of commercial facilities across the United States and the world, including in the states and countries where the Properties will be located. Business practices will be modified to conform to government restrictions and best practices encouraged by government and regulatory authorities, which may negatively affect business operations. Even though risk mitigation plans will and/or have been implemented, these measures may not be sufficient to prevent adverse impacts from COVID on the tenants, their employees and customers and/or on the economic condition of the Properties. For instance, an outbreak of COVID or another contagious disease could result in significant adverse consequences, including the reinstatement and/or modification of government closure orders which impose new or more restrictions, decreased occupancy, failures of the tenants to make lease payments, and lawsuits. The degree to which COVID may impact on the operations and financial conditions of the Properties and the tenants of real properties is the unknown at this time and will depend on future developments, including the geographic spread of COVID and its numerous variants, the severity and the duration of the pandemic (including any resurgence or the creation of new variants) and further actions that may be taken by governmental authorities or businesses or individuals on their own initiatives in response to the pandemic.

The COVID pandemic has had and may continue to have a devastating impact on many people's health and globally to our health care systems. In addition to the effect it has had on some parts of the country's health systems' capacity to deliver proper medical care to everyone that is in need, it has, for the most part, partially shut down the national economy and continues to affect many tenants' ability to pay rent and continue to operate their businesses. Many tenants have requested and may continue to request rent relief which includes reducing, deferring or even waiving rent. In addition, in some jurisdictions government policies have limited or prohibited rent collections legal actions or limit the ability of landlord to institute legal actions to evict tenants for the nonpayment of rent.

As we continue to transition to more normalized operations, tenants and their customers have resumed shopping, dining and going to work. While it is hard to estimate the long term effect the pandemic will have on the Properties that the Affiliates already own, and/or as to those the Fund has or will invest in, there is no doubt that most Properties, if not all, have or will be negatively impacted.

COVID, in some respects, has made it more difficult to obtain mortgage financing. Many of the lenders have significantly reduced new loan originations and have imposed stricter underwriting standards. As a result, the required loan to value ratio to determine the amount of a loan may be lower, the spread to determine the interest rate for a loan could be higher, new or higher reserves may be required to be funded from loan proceeds (including the possibility for a debt service reserve) and larger guarantees, than previously required, may be imposed. This could result in more Properties being acquired on an all cash basis or with a lower loan amount. Also, this could affect distributions to Investors that would be funded

from loan proceeds in connection with a financing for a Property after it was acquired on an all cash basis or as to subsequent refinancings of an existing loan. It is uncertain as to the long-term effects of any such tightening and/or pullback of the mortgage loan market.

The Project Supplements for the Properties will contain certain forward-looking statements. As a result of COVID and its effect on the global economy, the assumption utilized in such forward-looking statements may become more uncertain and less reliable as an estimate for the future performance of the Properties. Such assumptions may have a greater likelihood of being incorrect and the actual results could differ materially from those contemplated in such forward-looking statements. Investors should not place undue reliance on forward looking statements.

Risks as to Initial Redemption of Units

During the Initial Redemption Right Period, Investors may be permitted to redeem all or a portion of their Unreturned Capital Contributions, subject to quarterly and annual Redemption Caps and applicable Redemption Fees. The Managers and/or its Affiliates (including the Fund) may not have a sufficient amount of liquid assets to fund all of the requested redemptions during any given calendar quarter or year. In such cases, Investors may have to wait longer than expected to undertake the redemptions requested. There is no required reserve to be maintained by the Manager and/or its Affiliates (including the Fund) to ensure that there are adequate funds to cover the amount of such requested redemptions. It is almost impossible to predict the demand for redemptions that will actually occur during the Initial Redemption Right Period.

Risks as to Standard Redemption of Units.

After the expiration Initial Redemption Right Period, but subject to the Black Out Period, if Investors desire to liquidate some or all of their Units or membership interests in the Fund, the Managers and/or its Affiliates (including the Fund) have agreed to purchase up to five 5% of the outstanding Units issued by the Fund annually on a first come, first served bases. The Managers and/or its Affiliates (including the Fund) may not have sufficient amount of liquid assets to fund all of the requested redemptions in any given calendar year. In that case, Investors may have to obtain or have to wait longer than expected to undertake the redemptions requested. There is no required reserve to be maintained by the Manager and/or its Affiliates (including the Fund) to insure there are adequate funds to cover the amount of such requested Redemptions. It is almost impossible to predict the demand for redemptions that will actually occur in any given calendar year.

Risks as to Exchange Rates for International Investments.

To the extent the Fund invests in a property located outside of the United States, there is a currency exchange risk as to the conversion of U.S. Dollars into the foreign currency, where such property is located. Such currency exchange risk could be incurred upon the conversion of distributions of Net Cash Flow or Net Proceeds from a Capital Transaction generated from such foreign property, to U.S. Dollars when distributions are ultimately made to Investors in U.S. Dollars. When the conversion occurs for the acquisition of a Property, the Fund will be subject to whatever the conversion rate is in effect at the time when such monies are needed and this could add or reduce value as to U.S. Dollars invested by the Fund for such acquisitions. If the foreign currency weakens after the initial acquisition and the conversion rate to U.S. Dollars becomes less favorable than at the time of the acquisition, when foreign net profits are

converted to U.S. Dollars, then the amount of distribution in U.S. Dollars could be significantly reduced. It is not possible to anticipate currency exchange rates at any particular point relative to the Fund's investment in a foreign Property. There is no guaranty as to such changes in the conversion rates and the impact it will have on distributions to Investors.

Risks Relating to the Formation and Internal Operation of the Fund

New Venture. The Fund and the Manager are both newly formed business entities with no history of operations and limited assets. The Fund is subject to the risks involved with any speculative new venture. No assurance can be given that the Fund will be profitable. However, the Fund is the seventh of the Diversified Income & Opportunity Fund programs offered by TES and will be managed by the same principals who also manage the TEI Diversified Income Fund I, LLC (“**TEI Fund I**”), TEI Diversified Income & Opportunity Fund II, LLC (“**TEI Fund II**”) and TEI Diversified Income & Opportunity Fund III, LLC (“**TEI Fund III**”), TEI Diversified Income & Opportunity Fund IV, LLC (“**TEI Fund IV**”), TEI Diversified Income & Opportunity Fund V, LLC (“**TEI Fund V**”), and TEI Diversified Income & Opportunity Fund VI, LLC (“**TEI Fund VI**”).

The TEI Fund I closed to new investors as of December 31, 2013. TEI Fund II closed to new investors as of November 30, 2015. TEI Fund III closed to new investors on November 30, 2017. TEI Fund IV closed to new investors on November 30, 2019. TEI Fund V closed to new investors on November 30, 2021. TEI Fund VI closed to new investors on November 30, 2024.

The Manager is managed by Francis Greenburger and Robert Kantor who are the chief executives of Time Equities Inc., a diversified real estate management and investment company which was established in 1966. Francis Greenburger is the sole founder, sole shareholder and director and the Chairman and Chief Executive Officer and Robert Kantor is the President of TEI. Both of them, along with many other employees of TEI have substantial experience in the acquisition, financing, ownership, leasing, development and management of real estate.

Limited Resources of the Manager. The Manager has limited net worth and limited financial resources to satisfy its obligations as the Manager. A financial reversal for the Manager could adversely affect the ability of the Manager to manage the Fund. There can be no assurance that the Manager will have sufficient funds to meet its obligations to the Fund, or to otherwise financially support the Fund. The Manager has no obligation to advance, invest or loan money to the Fund.

Potential Adverse Effects of Delays in Investments. Delays which may take place in the selection and acquisition of the Properties to be acquired by the Fund could adversely affect the return to an investor as a result of corresponding delays in the commencement of distributions to Members and the reduced amount of such distributions.

Use of Proceeds to Pay Organization Expenses. A portion of the Offering Proceeds will be used to pay Selling Commissions and Expenses and Organization and Offering Expenses. Thus, the gross amount of the Offering Proceeds will not be available for investment in Properties. See “**Estimated Use of Proceeds.**”

No Guaranteed Cash Distributions. There can be no assurance that cash distributions will, in fact, be made or, if made, whether those Distributions will be made or in the amount anticipated. Depending on the level of sales and ability of the Fund to fully invest such monies, there may be occasions

where the source of the quarterly distributions are paid from Offering Proceeds rather than net cash flow from the Properties. Delays in making cash distributions could result from the inability of the Fund to purchase, develop or operate its assets profitably. The Manager intends to distribute sufficient cash from activities of the Fund to enable the Members to pay any tax imposed on any taxable income generated by the Fund; however, there can be no assurance that the Manager will be able to distribute such cash.

Use of Proceeds Not Limited. The Operating Agreement provides the Manager with broad authority to invest the Offering Proceeds in various types of assets, including assets that do not meet the investment criteria described in this Memorandum. The investment criteria for the Fund are very broad and it is anticipated that the Fund will not be limited in asset class or geographic location. Thus, the Manager will have extremely broad authority in making investment decisions for the Fund. Thus, the use of Offering Proceeds is not limited and potential investors must entrust all investment decisions to the Manager.

Loss of Uninsured Bank Deposits. The Fund's cash, including Subscription Payments held in the Depository Account, will likely be held in bank depository accounts. While the FDIC insures deposits up to \$250,000 per depositor per insured institution in most cases, the Fund may have deposits at financial institutions in excess of the FDIC limits. The failure of any financial institution in which the Fund has funds on deposit in excess of the applicable FDIC limits may result in the Fund's loss of such excess amounts, which would adversely impact the Fund's performance.

Additional Working Capital Requirements. To the extent such funds are not available from operations, the Properties owned by the Fund may require additional loans for capital improvements and tenant improvements. The Fund has not received a commitment from any third party to make such future loans, if needed, and there can be no assurance that such loans can be arranged or what the terms of any such borrowings would be. In addition, it is anticipated that the loans obtained to acquire additional Properties may restrict the ability of the Fund to obtain secondary financing.

Reliance on Management. All decisions regarding management of the Fund's affairs will be made exclusively by the Manager and not by the Members. Accordingly, Investors should not purchase Units unless they are willing to entrust all aspects of management to the Manager or its successor(s), including, but not limited to, the selection of the Properties. Potential Investors must carefully evaluate the personal experience and business performance of the Principals of the Manager. The Manager may retain independent contractors to provide services to the Fund relating to the Properties. Such contractors have no fiduciary duty to the Members, and may not perform as expected. See "**Fund Business Plan.**"

Property Management. The Properties may be managed by the Asset Manager, an Affiliate of the Manager. In some cases, the Asset Manager may hire local property managers to manage the day-to-day operations of the Properties. There can be no assurance that the Asset Manager or any local property manager will be able to successfully manage the Properties.

Limited Approval Rights Regarding Operation of the Properties. Members will have no approval rights regarding the operation of the Properties. All decisions regarding the Properties will be made by the Manager without input from the Members.

Conflicts of Interest. The Principals of the Manager and its Affiliates are employed independently of the Fund and may engage in other activities. The Manager and its Affiliates are engaged in other

activities and intend to continue to engage in such activities in the future, including other real estate ventures. The Manager and its Affiliates and their Principals will therefore have conflicts of interest in allocating management time, services and functions between various existing enterprises and future enterprises the Manager and its Affiliates and their Principals may organize, as well as other business ventures in which the Manager, its Affiliates and their Principals may be or may become involved. The Manager and its Affiliates, however, believe that they will have sufficient staff, consultants, independent contractors and business managers to perform adequately their responsibilities to the Fund. See “**Conflicts of Interest.**”

Manager and Affiliates as Guarantors. The Operating Agreement provides that, if the Manager, an Affiliate or its Principals (including any co-manager of the Manager) (collectively the “**Principals**”) is a guarantor under a loan secured by a Property or other indebtedness of the Fund (including any environmental indemnity), such person will not be required to take any action that would result in such person incurring personal liability even if such action or inaction would cause harm to the Fund. Thus, the Manager and its Affiliates and Principals may take an action, or fail to take an action, that creates liability to the Fund in order to avoid personal liability under a guaranty or environmental indemnity. In such case, it is possible that a lender could foreclose on a Property or the Manager could consent to a deed-in-lieu of foreclosure which would cause the loss of the entire investment by the Fund in such Property.

Receipt of Compensation Regardless of Profitability. The Manager and its Affiliates are entitled to receive certain significant fees and other compensation, payments and reimbursements regardless of whether the Fund operates at a profit or a loss. In addition, the amount of compensation paid to the Manager, the Property Manager and their Affiliates will vary for each Property. See “**Compensation to the Manager and its Affiliates.**”

Loss on Dissolution and Termination. In the event of a dissolution or termination of the Fund, the proceeds realized from the liquidation of the assets of the Fund will be distributed among the Members, but only after payment of all loans and other obligations of the Fund. The ability of a Member to recover all or any portion of such Member’s investment in the Fund under such circumstances will, accordingly, depend on the amount of net proceeds realized from such liquidation and the amount of claims to be satisfied therefrom. There can be no assurance that the Fund will recognize gains on such liquidation.

Liability of Members. In general, Members of the Fund 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 Fund would be insufficient to pay the then outstanding liabilities of the Fund (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 the Company beyond the amount of the capital contributions they have made or are required to make under the Operating Agreement.

Limitation of Liability/Indemnification of the Manager. The Manager and its attorneys, agents and employees may not be liable to the Fund or Members for errors of judgment or other acts or omissions not constituting fraud, gross negligence or willful misconduct as a result of certain indemnification provisions in the Operating Agreement. A successful claim for such indemnification would deplete the Fund’s assets by the amount paid. See “**Summary of the Operating Agreement.**”

Limitation of Liability/Indemnification of Property Manager. The Asset Manager and its attorneys, agents and employees may not be liable to the Fund for errors in judgment or other acts or omissions not constituting misconduct or gross negligence as a result of certain indemnification provisions in any property or asset management agreements. A successful claim for such indemnification would deplete the Fund's assets by the amount paid.

Members will be Bound by Decision of Majority Vote. Subject to certain limitations, Members holding a majority of Units may vote to, among other things, amend the Operating Agreement. Members who do not vote with the majority in interest of the Members nonetheless will be bound by the majority vote.

Right of First Refusal. The Manager and its Affiliates have a right to acquire the Units of any Member that desires to sell their Units. Thus, it may be more difficult for a Member, and may take more time, to sell their Units.

Risks Relating to Private Offering and Lack of Liquidity

Limited Transferability of Units. Each Investor who becomes a Member will be required to represent that such Investor is acquiring the Units for investment and not with a view to distribution or resale, that such investor understands the Units are not freely transferable and, in any event, that such investor must bear the economic risk of investment in the Fund for an indefinite period of time because the Units have not been registered under the Securities Act or certain applicable state securities laws, and that the Units cannot be sold unless they are subsequently registered or an exemption from such registration is available and unless such investor complies with the other applicable provisions of the Operating Agreement. There will be no market for the Units and a Member cannot expect to be able to liquidate his or her investment in case of an emergency. Further, the sale of Units may have adverse federal income tax consequences. The transfer of a Member's Units requires the prior written consent of the Manager. Further, no transfer will be allowed unless the Manager determines that the transfer will not cause the Fund to be "**publicly traded.**" There are no specified circumstances relating to the granting or withholding of the required prior written consent of the Manager, although the Manager will observe the standards of a fiduciary to the Members as a group in determining whether to grant or withhold its consent as to any particular request for a transfer.

Speculative Investment. The Fund's business objectives must be considered highly speculative, and there is no assurance that the Fund will satisfy those objectives. No assurance can be given that the Members will realize a substantial return, if any, on their purchase of Units or that the Members will not lose their entire investment in the Fund. For this reason, prospective purchasers should read this Memorandum and all Exhibits to this Memorandum carefully and should consult with their attorneys or business advisors.

Determination of Unit Price. The purchase price of the Units has been determined primarily by the capital needs of the Fund and bears no relationship to any established criteria of value such as book value or earnings per Unit, or any combination thereof. Further, the price of the Units is not based on past earnings of the Fund, nor does that price necessarily reflect current market value for the Properties proposed to be acquired by the Fund. No valuation or appraisal of the Fund's potential business has been prepared.

Offering Not Registered With the SEC or State Securities Authorities. The Offering will not be registered with the SEC under 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.

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.

Private Offering Exemption – Compliance with Requirements. The Units 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 Fund should fail to comply with the requirements of such exemption, the Members would have the right to rescind their purchase of their Units 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 Units 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 Fund and the Manager would face severe financial demands that would adversely affect the Fund as a whole and, thus, the investment in the Units by the remaining Members.

Projected Aggregate Cash Flow. Any projected cash flow or forward-looking statements included in this Memorandum and all other materials or documents supplied by the Manager 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 Manager 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 Fund’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 the factual, accounting and tax assumptions. Neither the Manager nor any other person or entity makes any representation or warranty as to the future profitability of the Fund or an investment in the Units.

Private Offering Exemption – Limited Information. Because the Offering of the Units 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 Units.

Purchase of Units by the Manager or its Affiliates. The Manager and/or its Affiliates may subscribe for any number of Units for any reason deemed appropriate by the Manager.

The Manager and/or its Affiliates may make contributions of property to the Fund in exchange for Units and such contribution of property will be credited towards the **10%** co-investment requirements described above. The value of the property contributed by the Manager and/or its Affiliates will be determined by the contributing party's cost for the property, without any mark-up (including the purchase price and all costs associated with the acquisition and/or financing and the amount of any cash reserves or working capital funded from equity contributions, but reduced by any debt secured by the property and assumed by the Fund).

The Manager and/or its Affiliates will not acquire any Units with a view to resell or distribute such Units. Any purchase of Units by the Manager and/or its Affiliates will be on the same terms and conditions as are available to all investors except that the Manager and/or its Affiliates, and Selling Group Members and their Affiliates, will be able to purchase Units net of Selling Commissions and Expenses. For this purpose, the meaning of "**net of Selling Commissions and Expenses**" is that the Unit will be acquired for an amount that is less than the normal issue price by an amount equal to the Selling Commissions and Expenses; provided, however, that the Fund's obligation to pay the Selling Commissions and Expenses will be similarly reduced so that there will be no net economic effect on the Fund or the other investors. See "**Plan of Distribution.**"

The purchase of Units by the Manager and/or its Affiliates could create certain risks, including, but not limited to, the following: (i) the Manager and/or its Affiliates would obtain voting power as Members, (ii) the Manager and/or its Affiliates may have an interest in disposing of Fund assets at an earlier date than the other Members so as to recover its investment in the Units made by it or its Affiliates and (iii) substantial purchases of Units may limit the Manager's ability to fulfill any financial obligations that it may have to or on behalf of the Fund.

Regardless of the total percentage of Units owned by the Manager and its Affiliates, the Manager and its Affiliates will only have the right to vote 20% of the total Units issued by the Fund. The Manager and/or its Affiliates will vote any excess Units over the 20% threshold in conformance with the majority vote of the non-affiliated Members.

Estimates, Opinions and Assumptions. No representation or warranty can be given that the estimates, opinions or assumptions made herein will prove to be accurate. Any such estimates, opinions or assumptions should be considered speculative and are qualified in their entirety by the information and risks disclosed in this Memorandum. The assumptions and facts upon which any estimates or opinions herein are based are subject to variations that may arise as future events actually occur. There is no assurance that actual events will correspond with the assumptions. Potential investors are advised to consult with their tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. Neither the Manager nor any other person or entity makes any representation or warranty as to the future profitability of the Fund.

No Representation of Members. Under the Operating Agreement, each of the Members acknowledges and agrees that counsel representing the Fund, the Manager and its Affiliates does not represent and will not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Members in any respect.

Investment by Tax-Exempt Purchasers. In considering an investment in Units of a portion of the assets of a trust of a pension or profit-sharing plan qualified under Code Section 401(a) and exempt

from tax under Code Section 501(a), a fiduciary should consider: (i) that the plan, although generally exempt from federal income taxation, would be subject to income taxation were its income from an investment in the Fund and other unrelated business taxable income to exceed \$1,000 in any taxable year (if the Fund generates income, a portion of such income will be unrelated business taxable income), (ii) whether an investment in the Fund is advisable given the definition of plan assets under ERISA and the status of Department of Labor regulations regarding the definition of plan assets, (iii) whether the investment is in accordance with plan documents and satisfies the diversification requirements of Section 404(a) of ERISA, (iv) whether the investment is prudent under Section 404(a) of ERISA, considering the nature of an investment in, and the compensation structure of, the Fund and the potential lack of liquidity of the Units, (v) that the Fund has no history of operations and (vi) whether the Fund or any Affiliate is a fiduciary or party in interest to the plan. See “**Investment by Qualified Plans and IRAs.**”

Subsequent Investors May be Able to Review Fund’s Investments. Investors who invest in the later stages of the Offering will have a greater opportunity to review information regarding the Fund’s Properties that will not be available to early investors. Early investors will not have an opportunity to review any Properties to be acquired with the Offering Proceeds. In this regard, later investors may have an advantage in initially deciding whether to invest in the Fund.

Exemption from Investment Company Act of 1940. The Fund may accept 100 or more Unit holders. The Investment Company Act requires that any issuer that is beneficially owned by 100 or more persons and that owns certain securities be registered as required under the Investment Company Act. The Manager believes that, because the Company will be purchasing the Properties directly or through wholly-owned subsidiaries, the ownership of the Properties will not be deemed to be securities for purposes of the Investment Company Act. As a result, the Fund will not register under the Investment Company Act requirements. The Manager anticipates that some of the Properties may be acquired together with a joint venture partner. It is possible that some of these Properties will not qualify as real estate acquisitions for purposes of the Investment Company Act and, as a result, may impact the ability of the Fund to qualify for one or more of the exemptions under the Investment Company Act. If the Fund accepts more than 100 Unit holders and the Fund fails to qualify under one of the other exemptions or exclusions from the Investment Company Act, the Fund will have to register under the Investment Company Act. In the event the Fund is required to register under the Investment Company Act, the returns to the Members could be significantly reduced.

Affiliated Managing Broker-Dealer. TES, the Managing Broker-Dealer, is an Affiliate of the Manager. Broker-Dealers are required to complete an independent investigation regarding any offering for which they act as managing broker-dealer. However, because TES is an Affiliate of the Manager, the independence of TES investigation of the Offering will be less than if the managing broker-dealer were not affiliated with the Manager.

Compensation of Selling Group Members. Selling Group Members are compensated based on the number of Units they sell. As a result, Selling Group Members have an incentive to sell a significant amount of Units to one or more investors.

Lack of Firm Commitment Underwriting. The Fund is offering the Units on an “best-efforts” basis through TES and Selling Group Members. Due to the fact that this is not a firm commitment offering, there is no guaranty as to the amount of subscriptions that will be received for this Offering.

Reliance on Rule 506(c). The Offering intends to utilize general solicitation in connection with the sale of Units in reliance on the exemption from registration provided in Rule 506(c) of Regulation D promulgated under the Securities Act. In order to qualify for the exemption provided by Rule 506(c), going forward, all purchasers of Units must be Accredited Investors as defined in Regulation D. The Offering is required to verify that the purchasers of Units are Accredited Investors. In the event that a person who is not an Accredited Investor acquires Units, and the Offering is deemed not to have complied with the verification requirement set forth in Rule 506(c), the Offering could lose its exemption from registration of the Offering.

Tax Risks

General Tax Risks. There are substantial risks associated with the federal income tax aspects of an investment in the Fund. In addition to continuing Internal Revenue Service (the “IRS”) reexamination of the tax treatment of partnerships, the income tax consequences of an investment in the Fund 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 Fund. The following paragraphs summarize some of the tax risks to the Members. A further discussion of the tax aspects (including other tax risks) of an investment in the Fund is set forth in “**Federal Income Tax Consequences.**” 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 aspects 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 Fund or by an investor.**

Risk of Audit. The Fund’s federal information returns may be audited by the IRS. An audit may result in the challenge and disallowance of some of the deductions described in the returns. No assurance or warranty of any kind can be made with respect to the deductibility of any such items in the event of either an audit or any litigation resulting from an audit.

Tax Classification of the Limited Liability Company. The Manager will elect that the Fund be taxed as a partnership for federal income tax purposes. If the Fund were to be treated for tax purposes as a corporation, the tax benefits associated with an investment in a limited liability Fund, if any, would not be available. The Fund would, among other things, pay income tax on its earnings in the same manner and at the same rate as a corporation, and losses, if any, would not be deductible by the Members. See “**Federal Income Tax Consequences – Tax Consequences Regarding the Limited Liability Company – Status as a Partnership.**”

Unrelated Business Taxable Income. It is anticipated that if the Fund generates taxable income, such income will likely be considered unrelated business taxable income. Tax-exempt entities should consult their own tax counsel regarding the effect of any unrelated business taxable income. See “**Federal Income Tax Consequences – Investment By Qualified Plans and IRAs – Unrelated Business Taxable Income.**”

Sale or Disposition of Fund Property. If interests in the Properties constitute capital assets in the hands of the Fund, profit or loss realized on the sale or exchange of such interests will generally result in

capital gain or loss, except to the extent of any depreciation recapture. If the Fund were deemed a dealer, any sale or exchange of interests in the Properties would be treated as ordinary income or loss.

Possible Disallowance of Various Deductions. The availability, timing and amount of deductions or allocations of income of the Fund will depend not only upon general legal principles but also upon various determinations that are subject to potential controversy on factual and other grounds. Such determinations could include, among other things, whether fees paid to the Manager or its Affiliates are non-deductible on the ground that such payments are excessive or constitute nondeductible distributions to the Manager or an Affiliate. Additional issues could arise regarding the allocation of basis to buildings, land, leaseholds and personal property. If the IRS were successful, in whole or in part, in challenging the Fund on these issues, the federal income tax benefits of an investment in the Fund, if any, might be materially reduced. See “**Federal Income Tax Consequences.**”

Limitations on Losses and Credits from Passive Activities. Deductions in excess of income, i.e., losses from passive trade or business activities, generally may not be used to offset “**portfolio income,**” i.e., interest (other than interest received by a taxpayer engaged in the trade or business of lending money), dividends and royalties, or salary or other active business income. Deductions from passive activities may generally be used to offset income from passive activities. Interest deductions attributable to passive activities are treated as passive activity deductions, and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include trade or business activities in which the taxpayer does not materially participate, which would include holding an interest as a Member. Thus, the Fund’s Net Income and Net Loss will constitute income and loss from passive activities. See “**Federal Income Tax Consequences.**”

Allocations of Net Income and Net Loss. In order for the allocations of income, gains, deductions, losses and credits under the Operating Agreement to be recognized for tax purposes, such allocations must possess substantial economic effect. No assurance can be given that the IRS will not claim that such allocations lack substantial economic effect. If any such challenge to the allocation of losses to any Member were upheld, the tax treatment of the investment for such Member could be adversely affected. See “**Federal Income Tax Consequences – Tax Consequences Regarding the Fund – Allocations of Net Income and Net Loss.**”

Successive Owners of Units. As between successive owners of Units, Net Income and Net Loss will be allocated (for income tax and other purposes) as provided in the Operating Agreement, to the extent permitted under the Code, regardless of the dates upon which cash distributions are made to the Members or the amount of any such cash distributions. The purchaser or seller of Units may, accordingly, be required to report a share of the Fund’s Net Income on such person’s personal income tax return, even though such person receives no cash distribution during the period in which the Units were held or, if such person has received any cash distributions, even though the amounts of such distributions bear no relation to the amount of Net Income that such person is so required to report. See “**Federal Income Tax Consequences – Tax Consequences Regarding the Fund – Allocations of Net Income and Net Loss.**”

Taxable Income in Excess of Cash Receipts. It is possible that a Member’s taxable income resulting from his or her interest in the Fund will exceed the cash Distributions received from the Fund. This may occur because funds received by the Fund may be taxable income to the Members while the

Fund may use such funds for nondeductible operating or capital expenses of the Fund or the repayment of loans for the Properties. Thus, there may be years in which a Member's tax liability exceeds his or her share of cash distributions from the Fund. The same tax consequences may result from a Member's sale or transfer of the Member's Units, whether voluntary or involuntary, and may produce ordinary income or capital gain or Investors loss. See "**Federal Income Tax Consequences.**"

Potential Limitation of Net Loss. Investors should be aware that the Members will only be able to utilize Net Tax Loss up to the amount of their tax basis in their Units.

Alternative Minimum Tax. The alternative minimum tax applies to designated items of tax preference. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income. See "**Federal Income Tax Consequences.**"

Accuracy Related Penalties and Interest. If an income tax audit disallows Fund deductions, Members should be aware that the IRS could assess significant penalties and interest on tax deficiencies. The Code provides for penalties relating to the accuracy of tax returns equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement that is attributable to: (i) negligence or disregard of rules or regulations, (ii) any substantial understatement of income tax or (iii) any substantial valuation misstatement. The IRS has recently added a new penalty related to understatements resulting from a listed or reportable transaction. A reportable transaction is a transaction that the IRS has identified as having the potential for tax avoidance or evasion. A listed transaction is a reportable transaction which the IRS has specifically identified as a tax avoidance transaction. The penalty is equal to 20% of the portion of the understatement to which the penalty applies if the taxpayer disclosed the transaction and 30% of the portion of the underpayment to which the penalty applies if the taxpayer did not disclose the transaction. In addition, in the event the sale of the Units are determined to be a reportable transaction, and the taxpayer fails to include information regarding such reportable transaction, the taxpayer will be subject to a penalty in the amount of \$10,000 if the taxpayer is an individual and \$50,000 in any other case. In the event the sale of the Units are determined to be a listed transaction, the penalty increases to \$100,000 in the case of an individual and \$200,000 in any other case. See "**Federal Income Tax Consequences – Accuracy-Related Penalties and Interest.**"

State Income Taxes. The Members may have to file and pay taxes in jurisdictions where the Fund owns property and may be subject to withholding for income taxes. This will necessitate filing tax returns in multiple jurisdictions and such requirement to file multiple tax returns will likely result in higher accounting fees paid by an Investor to prepare such additional tax returns. See "**Federal Income Tax Consequences – State and Local Taxes.**"

Changes in Federal Income Tax Law. Congress has recently enacted several major tax bills that substantially affect the tax treatment of real estate investments. These changes will have a substantial effect on the type of activities in which the Fund intends to engage, and certain of those effects are set forth under the appropriate subheadings within this discussion of tax risks. In many instances, Congressional Committee reports have been relied upon for the interpretation and application of these new statutory provisions to the Fund. While the Code authorizes the Treasury Department to issue extensive substantive regulations regarding recently adopted Code provisions, few have been issued to date. In addition, Congress could make substantial changes in the future to the income tax consequences with respect to an investment in the Fund. Congress is currently analyzing and reviewing numerous

proposals regarding changes to the Federal income tax laws. The extent and effect of such changes, if any, is uncertain.

The discussion of tax aspects contained in this Memorandum is based on law presently in effect and certain proposed Treasury Regulations. Nonetheless, investors should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of the Fund. Any such change may or may not be retroactive with respect to the transactions entered into or contemplated before the effective date of such change and could have a material adverse effect on an investment in the Units.

ESTIMATED USE OF PROCEEDS

The following table sets forth certain information concerning the estimated use of the proceeds of the Offering based on the Initial Maximum Offering Amount:

	Initial Maximum Offering Amount ⁽⁷⁾	
	Amount	Percentage of Gross Proceeds
Gross Offering Proceeds.....	\$100,000,000	100.00%
Organization and Offering Expenses ⁽¹⁾	\$ 2,000,000	2.00%
Selling Commissions ⁽²⁾	\$ 7,000,000	7.00%
Marketing and Due Diligence ⁽³⁾	\$ 1,000,000	1.00%
Placement Fee ⁽⁴⁾	\$ 1,000,000	1.00%
Wholesaler Fee ⁽⁵⁾	\$ 1,000,000	1.00%
Available for Investment ⁽⁶⁾	<u>\$88,000,000</u>	<u>88.00%</u>
Total Application	\$100,000,000	100.00%

- (1) The Manager will be entitled to reimbursement for expenses incurred in connection with the Offering and the organization of the Fund (the “**Organization and Offering Expenses**”), including legal, marketing, accounting, printing and other costs and expenses directly related to the Offering. Organization and Offering Expenses will be limited to 2% of the Offering Proceeds raised by the Fund.
- (2) Selling Commissions in an amount up to 7% of the purchase price of Units will be paid by the Fund to TES who will thereafter pay any Selling Commissions due to the Selling Group Members. The Manager and/or its Affiliates will acquire Units net of Selling Commissions and Expenses. The Fund may, in its sole discretion, accept purchases of Units net of all or a part of the Selling Commissions and Expenses otherwise payable from investors purchasing units through the Managing Broker-Dealer, a registered investment advisor and/or through a Selling Group Member, if, to the extent applicable, the Managing Broker-Dealer, a registered representative from such Selling Group Member is willing to reduce and/or waive such fees. This also applies to the purchase of Units by the Manager and/or its Affiliates. As a result, certain Investors may acquire their Units on a gross up basis as to the amount of the Selling Commissions and Expenses that are not incurred by such Investors.
- (3) TES will receive a non-accountable marketing and due diligence allowance equal to 1% of Total Sales which it may pay, in whole or in part, to Selling Group Members.
- (4) TES will receive a placement fee equal to 1% of the Total Sales.
- (5) TES will receive a fee equal to 1% of the Total Sales to which TES will pay, in whole or in part, to certain wholesalers, some of which are internal to TES (“**Wholesaler Fee**”).
- (6) Amounts available for investment will be used to acquire the Properties, to pay closing Property expenses and to establish reserves for each Property.

- (7) The Maximum Offering Amount does not include the possible increase in the total Offering Amount by the Manager to \$150,000,000 if the Fund is oversubscribed on or prior to the Offering Termination Date (as such may be extended).

DESCRIPTION OF THE PROPERTIES

The Fund will seek to acquire whole or partial ownership interests in a diversified portfolio of income producing Properties, which may consist of retail, office, multi-family, mixed use buildings, parking garages and industrial properties secured debt through either a mortgage or deed of trust and/or a pledge of all of the ownership interests of a borrower, participations in secured debt and vacant land for development or redevelopment, which often times may consist of excess land included as part of an acquisition of a developed property, that have good current income and/or upside potential. Such Properties may consist of those located in the United States and internationally. The Fund may also make secured and unsecured loans, with a floating and/or fixed interest rate. There are no specific limitations on the number or size of Properties to be acquired by the Fund or on the percentage of net proceeds of this Offering which may be invested in a single Property. The number and mix of Properties acquired will depend upon real estate market conditions and other circumstances existing at the time the Fund makes its investments in Properties as well as the amount of the net proceeds of this Offering. The Fund could own a fee interest in a Property, become a member in a limited liability company that owns fee title or a tenant in common interest, acquire A long-term ground lease interest, condominium or cooperative unit and/or acquire stock in a public or privately traded company.

The Fund may also participate in discounted or at par value mortgage purchases, some of which may involve properties that Affiliates of the Manager and/or third party joint venture partners already own or have an interest therein. Under such circumstances, where an Affiliate of the Manager owns all or a part of a Property, the Fund may be given the opportunity to participate in the balance of the equity required to purchase such debt if the existing owners or investors do not elect to fund the entire amount of such purchase price, on the same terms and conditions as offered to existing owners or investors.

Acquisition of up to 10% of Invested Capital of the Fund to invest in construction services companies and/or renewable or alternative energy companies or ventures. Such investments may be made through private equity and/or hedge funds.

In addition, acquisitions could also include stock in real estate related public or privately traded companies, including REITS, and the purchase of subordinate B Piece lender participation interests for mortgage and mezzanine debt.

In addition, the Fund could acquire preferred equity or class A Membership Interests in a Property (including those owned by an Affiliate of the Manager). In such case, the Manager expects that the Fund's capital contribution for such Property and its stated return will be paid before distributions are made to the other members or class B members of the limited liability company that owns the Property. The Fund may also be entitled to repayment of the entire amount of its Invested Capital on a stated maturity date to the extent of cash available for distribution. However, in return for such priority distributions, the Fund will probably, in such case, not be entitled to any other distributions after it has been repaid its capital contribution, plus the accrued and unpaid preferred return thereon.

The Fund may also purchase or recapitalize equity interest in existing companies managed by Affiliates of the Manager, and fund investor redemptions in various funds in which Time Equities Securities LLC is the managing or sole broker dealer for the offerings for such funds.

The Manager expects that international acquisitions will be structured and/or undertaken so that the Investors do not have to file any foreign income tax returns and in those countries where taxes paid on income generated from a foreign property outside of the United States can result in a tax credit, in whole or in part, against one's U.S. income taxes.

SUPPLEMENTS

When the Fund acquires a Property, this Memorandum will be supplemented with Project Supplements which will include information regarding each new acquired on or before the Offering Termination Date.

ACQUISITION AND FINANCING TERMS

It is anticipated that the Fund will purchase the Properties either directly or through joint ventures, pursuant to purchase and sale agreements with the sellers of the Properties. Under limited circumstances, the Fund may acquire Properties currently owned by the Manager or its Affiliates. The terms of the purchase and sale agreements are currently not known. The Fund will be responsible for all of the closing costs associated with any Property acquired by the Fund (or its pro rata portion of such costs in the event the Property being purchased is a partial interest in the Property or is being acquired through a joint venture with other entities), and it is likely the Fund will be required to establish reserves for the Properties. The acquisition structure for the Properties is unknown, but it is anticipated the Fund will acquire the Properties directly or through special purpose entities.

The Fund intends to finance the purchase of the Properties with proceeds of this Offering and loans obtained from various third party lenders. The Fund anticipates that the aggregate loan-to-value ratio for all of the Properties acquired will be 0% to 75% based on the purchase price of the Properties; provided, however the Fund may obtain financing that exceeds such loan-to-value ratio in its sole discretion. The Fund has not obtained any financing commitments for any Properties.

It is likely that the Manager and its Affiliates will form other entities which may have similar investment objectives to the Fund. The Manager intends, but there is no requirement, that during the Fund's investment period, depending upon the Fund's resources available for investments, if a property meets the investment criteria for the Fund, including without limitation, the projected return on investment and investment hold period, that the Fund will acquire all or a portion of such Property. However, the Manager and its Affiliates will have broad discretion regarding the acquisition of properties by the Fund and it is possible that certain properties meeting the Fund's investment objectives will not be offered to the Fund for acquisition.

COMPANY BUSINESS PLAN

Time Equities, Inc. ("TEI" and/or "Property Manager")

Founded in 1966, Time Equities, Inc. ("TEI") is a diversified investment, development, asset and

property management, licensed real estate brokerage, and alternative energy company that has been in business for more than 59 years. The TEI portfolio includes approximately 43 million square feet of residential, industrial, office and retail property including about 6,000 multi-family apartment units, approximately 330,000 square feet in pending acquisitions, and 2 million square feet of various property types in stages of pre-development and development. With 338 properties across 37 states, five Canadian provinces, Anguilla, Germany, Italy, and the Netherlands, the TEI portfolio benefits from a diversity of asset types including student housing, non-performing loans, B-notes, and alternative energy investments. TEI has a variety of market concentrations in the Northeast, Southeast, Midwest and West Coast of the U.S., and new markets around the world are always being evaluated.

TEI's management team has extensive experience investing in numerous types of properties over many real estate cycles. TEI offers a full range of real estate services including the **following**:

- **Acquisitions** - Seeing opportunity where others see adversity is at the foundation of TEI's acquisitions strategy. TEI believes that it has a competitive edge as a “**niche**” player, buying both institutional and non-institutional properties that may have higher yields.
- **Asset and Property Management** - TEI provides in-house asset management services to almost all of its properties. To completely understand an asset and to enhance its value to tenants and investors, TEI's asset managers must work with property managers, leasing brokers, building staff, tenants and vendors in a collaborative partnership with one goal in mind: to make the asset perform to its optimum level.
- **Equity and Investor Relations** - In 2000, TEI established its own broker-dealer TES, and used TES as the broker-dealer for its Reg D Rule 506 private placement offerings. TES also maintains a full-service investor relations department to service the investors for its offerings.

With the beginning of the offering for TEI Diversified Income Fund I LLC in 2012, TES began to open up certain of its offerings to other broker-dealers and registered investment advisors. TEI Diversified Income Fund I, LLC closed its offering on December 31, 2013 with total subscriptions of \$17,042,281, TEI Diversified Income & Opportunity Fund II, LLC closed its offering on November 30, 2015 with total subscriptions of \$59,142,290, TEI Diversified Income & Opportunity Fund III LLC closed its offering on November 30, 2017 with total subscriptions of approximately \$68,000,000 and TEI Diversified Income & Opportunity Fund IV, LLC closed its offering on November 30, 2019, with total subscription of approximately \$128,639,555 TEI Diversified Income and Opportunity Fund V, LLC closed its offering on November 30, 2021 with total subscriptions of approximately \$63,657,087 and TEI Diversified Income & Opportunity Fund VI, LLC closed its offering on November 30, 2024 with total subscriptions of approximately \$24,873,913.95. Other broker-dealers and registered investment advisors participated in these six offerings.

- **Design & Construction Management** – TEI's Design and Construction Department focuses on the sensitive balance of progressive style, consumer needs, community input and construction practicality. The design team is committed to designing and managing projects that are aesthetically pleasing and innovative, but architecturally sound. TEI's Design and Construction Department understands that good projects are not designed, they are redesigned.

They work diligently in the construction oversight and value engineering process to deliver a product that offers outstanding design and real value.

- **Sustainable Design and Management Strategies** - TE Greengineers (“**TEG**”), an Affiliate of TEI, provides technical and strategic consulting services in the areas of building operations and sustainability. TEG works with building owners to reduce energy costs and improve comfort. TEG develops finance solutions to fund the cost of building upgrades without waiting for next year’s budget and bring immediate savings to TEG’s clients. TEG’s vision is a world full of comfortable tenants, profitable landlords, and low-energy buildings. Other consulting services include: Green Development Advisory, LEED® Certification, Management, Grant and Rebate Coordination, LEED® Training.
- **Commercial Sales and Leasing** – TEI’s in-house and third-party leasing and brokerage department offers comprehensive real estate services including all commercial, residential and office condominiums, sales, and tenant representation.
- **Residential Sales** – TEI’s dynamic condo and cooperative apartment sales department represents individuals in the sale or purchase of their New York City and New Jersey residences. TEI’s team also represents TEI in the marketing and sales of its own residential projects.
- **Mortgage Brokerage** – Leverage is a critical aspect of any real estate investment strategy. TEI’s Mortgage Brokerage Department works with the asset managers and the Financial Asset Management and Budgeting Department to structure appropriate and cost-effective debt on properties acquired by TEI and its Affiliates.
- **1031and 1033 Like-Kind Exchanges** – TEI has assisted investment partners with 1031 or 1033 Exchange transactions for many years, and subsequent to 2002, has structured many tenant in common (“**TIC**”) transactions in accordance with IRS Revenue Procedure 2002-22.
- **Sale-Leaseback Transactions** – TEI has developed an expertise in sale-leaseback transactions for office, industrial, and specialty properties. When looking for deals, TEI focuses primarily on the inherent value of the real estate. TEI has found that many companies with credit ratings that do not match their historic performance or potential, may be sound organizations that need some special attention and innovative underwriting.
- **Joint Ventures** – To the extent that management determines that it is advantageous, TEI can invest in one or more joint ventures or other co-ownership arrangements for the acquisition of properties with third parties or with Affiliates.
- **TEI’s Succession Plan** – Francis Greenburger and Robert Kantor plan to continue to be active as TEI’s Chief Executive Officer (“**CEO**”) and President for the foreseeable future. They have no plans to retire unless health issues occur. However, they have prepared the company for executive transition when the time comes by creating a corporate governance structure in advance.

Francis Greenburger has created a governance structure which represents the interests of all of

TEI's stakeholders, including TEI's investors, Francis' family as TEI's largest investor, Robert Kantor's family as investors, and all members of TEI's staff as represented by senior management, most of whom have dedicated and developed their careers at TEI. It is anticipated that any future President and CEO will come from within TEI's existing senior management, of which there are several qualified candidates.

The vision for the company is that TEI is a platform for talented and exceptional real estate entrepreneurs to build, or who have already built, their careers in asset acquisition, development, redevelopment, management and disposition. TEI provides access to the TEI brand, which offers buyer credibility, credit strength, and access to equity capital. It also provides extensive in-house expertise in legal, accounting, mortgage finance, asset management, leasing, sales and marketing, insurance, design and construction, rents administration, project management and all other skills needed to support effective asset management, real estate development, repositioning and long-term ownership.

In anticipation of any future transition, subcommittees have been formed and instructed as to the ongoing needs, continuity of business functions and governing policies relating to each area of the company's operations.

It is Francis Greenburger's stated intent that TEI will continue beyond his tenure to serve the interests of its investors, his family, and the careers of TEI's long-time senior managers and staff members.

The Fund's Investment Objectives:

The primary investment objectives of the Fund are:

- preserve the Members' capital investment;
- provide the Members with what the Manager believes will be stable returns from a diversified investment portfolio;
- realize income through the acquisition, operation, management, capital appreciation, sale and/or refinancing of the Properties; and
- continue to maintain ongoing quarterly distribution payments after Members have received back 100% of the amount invested in the Fund by the Members.

There is no assurance that any of these objectives will be received.

Business Strategies

TEI has acquired a diverse real estate portfolio with guiding principles that have remained the same: a dedication to long-term ownership and opportunistic buying. TEI believes that it has been successful in identifying hidden value and emerging new markets that may produce above average returns. TEI believes that to succeed in today's complex and competitive real estate marketplace, one needs to have a long term view, be flexible, opportunistic and able to maintain a balanced portfolio in diverse markets with thorough underwriting and extensive due diligence experience. Investment returns for each

acquisition are analyzed using an immediate, mid-term and residual-value approach. TEI has a disciplined investment and diligence process designed to identify and underwrite undervalued assets and stay ahead of the curve. TEI's approach to property and asset management focuses on the attention to detail without losing sight of the fundamental goals of our investors. TEI believes it is this viewpoint which enables it to succeed in the complex world of real estate ownership and management.

The Fund intends to obtain financing to acquire the Properties, ranging from 0% - 75% of the acquisition price or appraised value, with an overall target of 50% - 75% for the Fund's portfolio of assets.

The Fund may use proceeds from financings and/or the sale of the Properties to reinvest in other Properties.

Investment Strategy

It is anticipated that the Fund will invest in four types of property:

- **"Stabilized"** properties that are currently leased at or above market occupancy rates for which typical traditional financing is available;
- **"Added-Value"** or turnaround transactions with properties that require renovation and/or additional leasing and which may be purchased on an all-cash basis or with the use of financing; or
- **"Mortgage Loan Purchases"** consisting of the purchase of mortgage loans at a discount or at par value, which could (but not guaranteed to) result in the Fund acquiring a Property or on interest in a Property through foreclosure or deed in lieu of foreclosure and/or the purchase of subordinate B Piece lender participation interests for mortgage and mezzanine debt.
- **"TEI Affiliated Loans"** which generate interest income during periods when appropriate real estate investment may not be available.

The Manager believes that a diverse portfolio, spread over multiple market sectors, is the best way to hedge against the inevitable cycles that dominate the history of the real estate industry. The Manager believes that the Fund can gain a competitive edge as a niche market player. The Manager anticipates that the Fund will primarily invest in properties that do not attract institutional investors. The Manager anticipates that the Fund will seek to buy stabilized properties on which it can earn going in 6% or greater leveraged returns, and which have the potential for value creation through, among other things, improved operations, financings and the rental of under market leases (when such under market leases expire).

It is anticipated that the Fund will also purchase value deals where returns may be lower than 6% when it can create value through the renovation, lease-up, and improved operations.

Investment Criteria

The Fund will rely on the Manager to identify and evaluate possible acquisitions. General criteria used by the Manager for investment decisions appear below for each property type. Note that the Fund may not acquire Properties in each of these asset types and that all of the projected yields are based upon the performance of a property on a leveraged basis. In addition, the indicated yields are calculated based

upon the purchase price before closing costs, Fund costs and working capital requirements and are for properties which are leased and operating on a stabilized basis.

- **Office Properties** – The following summarizes the anticipated acquisition criteria for potential office properties:

Office/flex, office buildings, and corporate campus properties;

Middle market placement or better (no lower end properties will be considered);

Yields averaging 6% or more with upside potential for future years;

Properties purchased for repositioning (lease up or substantial building wide improvements) or turnaround deals will be considered on a case-by-case basis without regard to going in yields with a focus on future value and high internal rate of return expectations.

- **Retail Properties** – The following summarizes the anticipated acquisition criteria for potential retail properties:

What the Manager believes to be good market placement or infill locations;

Anchored, unanchored, local or regional tenant base;

Yields of 6% or more with upside potential for future years or yields of 7% or more for properties with limited upside potential.

- **Residential/Multi-Family Properties** – The following summarizes the anticipated acquisition criteria for potential residential/multi-family properties:

Middle market placement or better – typically the Fund will not buy "C" class assets unless the property can be repositioned;

Going in yields can vary greatly based upon the particular characteristics of a property, but stabilized yields of 5% or more would be targeted provided a reasonable projection for growth in future years appears achievable.

Such properties may consist of the purchase of unsold condominium and/or cooperative units from a sponsor and/or a lender. In some cases, totally vacant properties will be considered but it is expected that most acquisitions would be purchased on an operating basis when acquired.

Such multi-family properties may also include student housing.

- **Industrial Properties** – Targeted yield of 5% or more with upside potential
- **Sale Leaseback Transactions** – The Fund may have the opportunity to acquire a property from a tenant where the tenant will sell the property to the Fund and then occupy part or all the property. In such case, the Manager will evaluate both the property and market fundamentals

as well as tenants' financial condition to determine if it's a suitable acquisition. The following summarizes the anticipated acquisition criteria for potential sale leaseback transactions:

“A” or “B” quality tenant credit but lesser quality credits will be considered for especially attractively priced assets;

What the Manager believes to be strong real estate fundamentals to support the transaction;

Initial yields of 6% or more depending on credit and real estate and length of the lease term and renewal likelihood;

Mortgage Loan Purchases. The following summarizes the anticipated acquisition criteria for potential mortgage loan acquisitions;

Mortgage loans would typically, but not necessarily always, be acquired with the plan to eventually acquire the Property through foreclosure or deed in lieu of foreclosure;

Acquisition criteria for a mortgage loan generally would be the same as if the Fund were acquiring fee title, with potentially an additional discount, depending on the specifics of the deal, to take into account that a mortgage loan, rather than fee title, will be acquired and the uncertainty of whether or not the current owner plans to contest the foreclosure and/or delay its transfer of ownership;

For the most part, a mortgage may have to be acquired on an all-cash basis and the Fund typically, depending on the size of a mortgage, may only acquire a partial interest for any such Property.

Acquisition Procedures

The Manager has established an acquisition procedure with respect to the Properties. After identifying a specific transaction that an acquisition manager would like to present the Manager for review and discussion, the acquisition manager will prepare a summary of the deal which sets forth the basic economic terms, a financial forecast for the Properties and due diligence matters for inclusion and consideration in connection with contract of sale for a Properties. Each transaction is thoroughly reviewed based on its own merits but this deal summary acts as a guide and the starting point for internal discussion purposes. After it is determined that the property warrants further diligence, the Manager will assign the appropriate additional acquisition managers, asset managers, associates, analysts, legal professionals and others to act together as a cohesive team to determine whether the property is a suitable acquisition for the Fund and to confirm that it meets all of the property underwriting standards and guidelines. During this process, there is a collaboration to create the financial forecast and underwriting assumptions for the pending acquisition.

Due Diligence Procedures

Depending on the deal, the due diligence will have to be completed either before a purchase and sale agreement is signed or during the due diligence period set forth in a signed purchase and sale agreement. As part of the formal due diligence, the acquisition manager, asset manager, and legal team work to complete the required due diligence for the particular property. The team will utilize a due

diligence checklist developed by TEI to assist in completing the due diligence review. The acquisition team will regularly update the Manager regarding the potential acquisition and receive constant feedback and guidance.

Investment Company Act Considerations

The Fund intends to conduct its operations so that it is not required to register as investment companies under the Investment Company Act. Under Section 3(a)(1)(A) of the Investment Company Act, an issuer will be an “**investment company**” if it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Under Section 3(a)(1)(C) of the Investment Company Act an issuer is deemed to be an “**investment company**” if it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire “**investment securities**” having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. Excluded from the definition of “**investment securities**” are, among other things, U.S. government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

The Fund intends to invest in a diversified portfolio of real estate-related Investments. The Fund intends to focus its investing activities on, and use the proceeds of this Offering principally to acquire, reposition, renovate, develop, redevelop or lease and manage income producing properties in the United States and internationally that are expected to generate attractive, risk-adjusted returns for Investors over the long-term, primarily through quarterly distributions and secondarily, through capital appreciation.

The Fund intends to rely on the exception from the definition of “**investment company**” provided by Section 3(c)(5)(C) of the Investment Company Act, which is available for issuers “**primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate**”. In addition to prohibiting the issuance of certain types of securities, the SEC’s staff’s position on Section 3(c)(5)(C) generally requires that at least 55% of an issuer’s assets must be comprised of mortgages and other liens on and interests in real estate, also known as “**qualifying assets**”; at least 80% of the issuer’s assets must be comprised of qualifying assets and a broader category of assets that the Fund refers to as “**real estate-related assets**”; and no more than 20% of the issuer’s assets may be comprised of assets other than qualifying assets and real estate-related assets, which the Fund refers to as “**miscellaneous assets**”.

Qualification for a Section 3(c)(5)(C) exemption from registration under the Investment Company Act will limit the Funds ability to make certain investments. For example, these restrictions may limit the Fund’s ability to invest directly in mortgage-backed securities that represent less than the entire ownership in a pool of mortgage loans, debt and equity tranches of securitizations and certain asset-backed securities and real estate companies or in assets not related to real estate. Although the Fund intends to monitor its portfolio, there can be no assurance that the Fund will be able to maintain an exemption from registration for the Fund.

To the extent that the SEC staff provides more specific guidance regarding any of the matters bearing upon the definition of an investment company and the exceptions to that definition, the Fund may be required to adjust its investment strategy accordingly. Any additional guidance from the SEC staff

could provide additional flexibility to the Fund, or it could further inhibit its ability to pursue the strategies the Manager has chosen.

Additionally, the Manager is relying on an exemption from the Investment Advisors Act of 1940, as amended, or the IAA, which limits the ability of the Manager to provide any advice regarding securities or investment advisory services. If the Manager fails to maintain its exemption from the IAA, the Fund would be unable to pay the Manager or any of its affiliates any performance-based fees, unless the Fund's investors meet requirements as "**qualified clients**" under the IAA.

PLAN OF DISTRIBUTION

Capitalization

The Offering, except as provided below, is for a maximum of 20,000 Units (\$100,000,000). The Offering will commence with the first completed and accepted subscription by an Investor. A minimum purchase of 5 Units (\$25,000) is required, except that the Fund may permit certain Investors to purchase fewer Units, in its sole discretion. The net proceeds from the sale of each Unit will be added to the Fund's capital and utilized for the purposes set forth in this Memorandum.

The Fund intends to continue the Offering until the earlier of: (i) the sale of 20,000 Units for a maximum aggregate offering amount of \$100,000,000 (the "**Initial Maximum Offering Amount**") or 30,000 Units for a maximum aggregate offering of \$150,000,000, if the Manager decides to increase the amount of the Offering based on the Fund being oversubscribed; or (ii) **December 15, 2027**; or (iii) the termination of this Offering at an earlier date in the sole discretion of the Manager, as such date as such may be extended below, is hereinafter referred to as the ("**Offering Termination Date**"). The Manager, at its sole option, shall have the right to extend the Offering Termination Date for up to an additional year. The Manager shall exercise such extension right for the Offering Termination Date in a written notice to the Members of the Fund, through providing them with a copy of an Addendum to the Offering, which indicates such extension, at least thirty (30) days prior to the initial Offering Termination Date.

Qualifications of Investors

The Units are being offered only to persons who can represent that they meet the Investor Suitability Requirements described under "**Who May Invest**" and may be purchased only by accredited investors who satisfy such suitability requirements.

Sales of Units

The purchase price of \$5,000 for each Unit will be payable in full in cash upon subscription. The minimum subscription amount will be 5 Units (\$25,000), except that the Manager, in its sole discretion, may permit certain investors to purchase fewer Units. All Subscriptions that have been accepted by the Manager from third party Investors will be payable to the Fund and promptly deposited into the operating account of the Fund. There is no assurance that all Units will be sold prior to the Offering Termination Date. The Fund reserves the right to refuse to sell Units to any person, in its sole discretion, and may terminate this Offering at any time. See "**Conflicts of Interest**" and "**Risk Factors – Risks Relating to Private Offering and Lack of Liquidity – Purchase of Units by the Manager or its Affiliates.**"

Marketing of Units

Offers and sales of Units will be made on a best-efforts basis. TES, a member of FINRA, will act as the “**Managing Broker-Dealer**” and will receive Selling Commissions in an amount up to 7% of the purchase price of the Units sold by the Managing Broker-Dealer and/or the Selling Group Members, which, in the case of sales by a Selling Group Member, it will pay such Selling Commissions to the Selling Group Members; provided, however, that this amount could be reduced to the extent the Fund negotiates a lower commission rate with a Selling Group Member and the commission rate will be the lower agreed upon rate. As a result, certain investors may acquire their Units net of Selling Commissions.

TES will also receive a non-accountable marketing and due diligence allowance of up to 1% of the Total Sales which TES will pay, in whole or in part, to the Selling Group Members.

TES will also receive a placement fee equal to 1% of the Total Sales. TES may also sell Units as part of the Selling Group, thereby becoming entitled to Selling Commissions.

TES will also receive up to 1% of the Total Sales which will be paid, in whole or in part, to certain wholesalers, some of which are internal to TES.

The total aggregate amount of Selling Commissions and Expenses, which includes all of the above fees, will not exceed 10% of the Total Sales. The Fund will be responsible for paying all Selling Commissions and Expenses. For purposes of calculating Total Sales, each Unit will be deemed to have a sales price of \$5,000 and any discount provided to the purchaser of a Unit will be disregarded.

The Fund may, in its sole discretion, accept purchases of Units net of the Selling Commissions and Expenses otherwise payable that are reduced or waived, in whole or in part, from investors purchasing Units through a registered investment advisor and/or to the extent a Selling Group Member and/or the registered representative responsible for any such sale, are willing to waive or reduce all or a part of such Selling and Commissions and Expenses. Such reduction or waiver of Selling Commissions and Expenses will also apply to purchase of Units by the Manager and/or its Affiliates. In such case, the subscription amount will be grossed up by the amount of the Selling Commissions and Expenses that are not paid by such Investors.

Organization and Offering Expenses will be limited to 2% of the Offering Proceeds raised by the Fund. If the actual Offering and Organizational Expenses exceed 2% of the total Offering Proceeds, the Manager will be responsible for paying any additional amounts.

TES and the Selling Group may be deemed “**underwriters**” as that term is defined in the Securities Act. The Managing Broker-Dealer Agreement between the Fund and TES and the soliciting dealer agreements (the “**Soliciting Dealer Agreements**”) between TES and a Selling Group Member for the sale of the Units contain some provisions for indemnity by the Fund with respect to liabilities, including certain civil liabilities under the Securities Act, which may arise from the use of this Memorandum in connection with the Offering. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to the Manager and the Members of the Fund pursuant to the foregoing provisions, or otherwise, the Fund has been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. Further, limitations on indemnification are provided in the Managing Broker-Dealer Agreement and the Soliciting Dealer Agreements for this Offering, copies of which may be obtained by submitting a written request to the Fund.

Selling Group Members will be required to execute a Soliciting Dealer Agreement with TES after the effective date of this Memorandum. The Soliciting Dealer Agreement contains cross-indemnity provisions with respect to certain liabilities, including liabilities under the Securities Act.

Inquiries about subscriptions should be directed to Time Equities Management VII, LLC whose mailing address is 55 Fifth Avenue, 15th floor, New York, NY 10003, Attention: Investor Services and the telephone number is (212) 206-6176.

Sales Materials

Unless otherwise approved by TES, no literature and/or documents may be used in this Offering, except for this Memorandum, the Exhibits hereto and Supplements, and factual summaries and sales brochures of the Offering prepared by the Fund and/or TES.

The Manager may also respond to specific questions from broker-dealers and prospective investors. Business reply cards, introductory letters or similar materials may be sent to broker-dealers for customer use. Other information relating to the Offering may be made available to broker-dealers for their internal use. However, the Offering is made only by means of this Memorandum. Except as described herein, neither the Fund nor the Manager has authorized the use of other sales materials in connection with the Offering. The information in such material does not purport to be complete and should not be considered as a part of this Memorandum, or as incorporated in this Memorandum by reference or as forming the basis of the Offering.

No broker-dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Memorandum or in any sales brochure literature issued by the Fund and, if given or made, such information or representations must not be relied upon.

Purchases of Units by the Manager or its Affiliates

Affiliates of the Manager may subscribe for any number of Units for any reason deemed appropriate by the Manager.

See examples as to this Co-Investment requirement in the Summary of the Offering section titled **“Subscription and Co-Investment by the Manager and/or their Affiliates”**.

To satisfy the obligation to acquire Units as set forth above, Affiliates of the Manager may make contributions of property to the Fund in exchange for Units and such contribution of property will be credited towards the **10%** Co-Investment requirements described above. The value of the property contributed by Affiliates of the Manager will be determined by the contributing party’s cost for the property, without any mark-up (including the purchase price and all costs associated with the acquisition and/or financing and the amount of any cash reserves or working capital funded from equity contributions, but reduced by any debt secured by the property and assumed by the Fund) if such property was acquired within six (6) months of the contribution. To be eligible for inclusion as a Property, it must be acquired no later than six (6) months after the date of acquisition of any such Property by an Affiliate of the Manager.

Affiliates of the Manager will not acquire any Units with a view to resell or distribute such Units. Any purchase of Units by Affiliates of the Manager will be on the same terms and conditions as are available to all investors except that Affiliates of the Manager, and Selling Group Members and their Affiliates, will be able to purchase Units net of Selling Commissions and Expenses. For this purpose, the meaning of “**net of Selling Commissions and Expenses**” is that the Unit will be acquired for an amount that is less than the normal issue price by an amount equal to the Selling Commissions and Expenses; provided, however, that the Fund’s obligation to pay the Selling Commissions and Expenses will be similarly reduced so that there will be no net economic effect on the Fund or the other investors. See “**Plan of Distribution**”.

The purchase of Units by the Manager and/or its Affiliates could create certain risks, including, but not limited to, the following: (i) the Manager and/or its Affiliates would obtain voting power as Members, (ii) the Manager and/or its Affiliates may have an interest in disposing of Fund assets at an earlier date than the other Members so as to recover its investment in the Units made by it or its Affiliates and (iii) substantial purchases of Units may limit the Manager’s ability to fulfill any financial obligations that it may have to or on behalf of the Fund. Regardless of the total percentage of Units owned by the Manager and its Affiliates, the Manager and its Affiliates will only have the right to vote 20% of the total Units issued by the Fund. The Manager and/or its Affiliates will vote any excess Units over the 20% threshold in conformance with the majority vote of the non-affiliated Members. See “**Conflicts of Interest**” and “**Risk Factors – Risks Relating to Private Offering and Lack of Liquidity – Purchase of Units by the Manager or its Affiliates.**”

Subscription Procedures

To subscribe for Units, a purchaser must complete and sign the Subscription Agreement attached hereto as Exhibit B. The purchaser must deliver to TES the fully completed and executed Subscription Agreement, a signed signature page for the Operating Agreement and a check or wire transfer for the full subscription price made payable to “**TEI Diversified Income & Opportunity Fund VII, LLC**”. TES will process the proposed subscription and forward the Subscription Price and the Subscription Agreement to the Fund for approval. The Manager, in its sole discretion, may use alternative banks or financial institutions to deposit funds tendered for the purchase of Units.

Extension for Payment of Subscription Payment

To potentially accommodate certain Investors that submit a subscription agreement in the last month of this Offering and who may request an extension to fund their Subscription Payment, the Manager, in its sole and absolute discretion, may allow any such Investor, who completes and submits their Subscription Agreement to TES no later than the Offering Termination Date, an extension to pay their Subscription Payment beyond the Offering Termination Date. In no event shall such extension period for payment of an Investor’s Subscription Payment go beyond **February 15, 2028** as to the Initial Offering Termination Date or **February 15, 2029**, if the Offering Termination Date is extended. Unless such extension is granted in writing by the Manager, Investor is required to pay their Subscription Payment in cash at the time such Subscription Agreement is delivered to TES. Also, this extension shall only apply if an Investor’s Subscription Agreement is executed and delivered to TES on or before Offering Termination Date. Any such acceptance of a Subscription Agreement by the Manager, in which an Investor is given an extension to pay their Subscription Payment, shall be conditioned upon the entire Subscription Payment being timely funded no later than **February 15, 2028** as to the Initial Offering Termination Date or

February 15, 2029, if the Offering Termination Date is extended, and any such acceptance of a Subscription Agreement by the Manager shall automatically thereafter be revoked to extent such applicable Investor fails to timely pay such Subscription Payment by **February 15, 2028** as to the Initial Offering Termination Date or **February 15, 2029**, if the Offering Termination Date is extended. In such case, the Subscription Agreement thereafter shall be deemed null and void and such Investor shall not be a Member of the Company. For the purposes herein, any such Investor shall not be a Member of the Company until they have funded their Subscription Payment.

Acceptance of Subscriptions

The Manager has the right to accept or reject any subscription in whole or in part for a period of 30 days after receipt of the subscription, in its sole discretion. Any subscription not accepted within 30 days of receipt will be deemed rejected.

Limitation of Offering

The Units are being offered and sold in reliance upon exemptions from the Securities Act and state securities laws. Accordingly, distribution of this Memorandum has been strictly limited to persons satisfying the Investor Suitability Requirements described herein, and this Memorandum does not constitute an offer to sell or a solicitation of an offer to buy with respect to any person not satisfying those requirements.

CAPITALIZATION OF THE FUND

The following table sets forth the anticipated capitalization of the Fund reflecting the issuance and sale of the Units offered hereby.

	<u>Initial Maximum Offering Amount⁽¹⁾</u>
Units ⁽²⁾	20,000
Total ⁽³⁾	<u>\$100,000,000</u>

- (1) The Units are being offered until the Offering Termination Date. The amount shown reflects the Initial Maximum Offering Amount. This Initial Maximum Offering Amount does not include the possible increase in the Total Offering Amount by the Manager to **\$150,000,000** if the Fund is oversubscribed on or prior to the Initial Offering Termination Date.
- (2) Amounts reflect Units to be purchased for the Initial Maximum Offering Amount.
- (3) Amounts shown are the anticipated gross proceeds of the Offering before deducting any fees or Selling Commissions and Expenses. See “**Plan of Distribution**” and “**Estimated Use of Proceeds.**”

THE MANAGER

The Manager of the Fund is Time Equities Management VII, LLC, which was recently formed as a Delaware limited liability company on March 12, 2025. The Principals of the Manager are also the principal officers and director of the Manager of TEI Fund I, TEI Fund II, TEI Fund III, TEI Fund IV, TEI Fund V, and TEI Fund VI. TEI Fund I was closed to new investors as of December 31, 2013 TEI Fund II was closed to new investors as of November 30, 2015, TEI Fund III was closed on November 30, 2017, TEI Fund IV was closed to new investors on November 30, 2019, TEI Fund V was closed to new investors on November 30, 2021, and TEI Fund VI was closed to new investors on November 30, 2024.

The Manager is owned by TEI Manager LLC, a Delaware limited liability company, which is co-managed by Francis Greenburger and Robert Kantor, the chief executives of Time Equities, Inc. (“TEI”). TEI is a diversified management and investment company that was formed in 1966. Francis Greenburger is the founder, sole director, shareholder and Chairman and Chief Executive Officer of TEI and Robert Kantor is the President of TEI. The Manager has the exclusive authority to manage and control all aspects of the business of the Fund. In the course of its management, the Manager may, in its sole discretion, employ such persons, including Affiliates of the Manager, as it deems necessary. The following are management executives, directors and officers of TEI:

<u>Name</u>	<u>Title</u>
Francis Greenburger	Chairman and Chief Executive Officer
Robert Kantor	President
Max Pastor	Chief Operating Officer
Landon Goodman	Chief Financial Officer
David Feinberg	General Counsel and Chief Compliance Officer of TES
David Becker	Head Equity Strategist and Senior Managing Director
Alexander Anderson	Senior Director, Equity Division
Richard Recny	Managing Director, Acquisition/Commercial Asset Management
Dorothy Biondo	Controller

Francis Greenburger is an American real estate developer, literary agent, author, philanthropist, activist and founder of TEI, Art Omi, Inc., and the Greenburger Center for Social & Criminal Justice.

Mr. Greenburger is the Founder, Chairman and Chief Executive Officer of Time Equities Inc. Founded in 1966, Time Equities Inc. (TEI) has been in the real estate investment, development and asset & property management business for more than 50 years. Mr. Greenburger is known for his ability to anticipate real estate trends and changing market conditions. TEI currently holds approximately 43.5 million square feet of residential, industrial, office and retail properties including about 5,100 multifamily apartment units, approximately 540,000 square feet in pending acquisitions as of April 7, 2024, and 2.8 million square feet of various property types in various stages of development. With properties in 36 states, five Canadian provinces, Germany, the Netherlands, Scotland, Italy and Anguilla, the TEI portfolio benefits from a diversity of property types, sizes and markets, including non-performing loans, B Piece

lender participation interests and alternative energy investments.

In addition, Mr. Greenburger is the Chairman of Sanford J. Greenburger Associates (SJGA), a literary agency founded by his father in 1932. SJGA represents many world-renowned and best-selling authors including Dan Brown and Brad Thor. Also among the agency's current clients are writers of fiction, non-fiction, genre books, and original eBooks; author and artists of children's books; and a small number of poets and essayists.

Mr. Greenburger is an active board member in various art, education and criminal justice not for profit organizations. He is the Founder and Chairman of Art Omi, a sculpture and architecture park and arts center founded in 1992, which also provides residencies for visual artists, writers, dancers, musicians, and architects from all over the world. Mr. Greenburger himself is an art collector (his office is a virtual gallery) and he owns over 1000 contemporary paintings and sculptures. He was awarded the insignia of chevalier of the Order of Arts and Letters by the French government because of his commitment to the arts and his founding of the Omi International Arts Center.

Most recently, Mr. Greenburger founded the Greenburger Center for Social and Criminal Justice in 2014, which advocates for reforms to the criminal justice and mental health systems. The Greenburger Center is working to create a secure Alternative to Incarceration model for those living with serious mental illness, accused of felony level crimes. The model will be piloted at a facility called Hope House on Crotona Park, located in the Bronx, New York. Hope House will provide up to two years of treatment in a modified residential therapeutic community with clinical services, and job and life skills training for up to 25 adults. The Greenburger Center also advocates on the local and national level to decriminalize mental illness.

Within his philanthropic pursuits, Mr. Greenburger is the Chairman of New York Edge, the largest provider of after school programs to the New York City public school system. He serves on the board of several not for profit organizations, including Alliance for Downtown New York, Baruch Real Estate Advisory Board for the Department of Real Estate, Lavigny Writer's Residency, Lincoln Center – Real Estate and Construction Council, Little Red Schoolhouse/Elizabeth Irwin High School Board of Trustees, Lower Manhattan Cultural Council, Michael Wolk Heart Foundation, and the Zicklin School of Business Dean's Council at Baruch College, and is a Trustee Emeritus for the Massachusetts Museum of Contemporary Art. Beyond his board service, Mr. Greenburger is an active donor to over 300 charitable organizations.

The author of two books, Mr. Greenburger co-authored a book with Thomas Kiernan in 1980, *How to Ask for More and Get It: The Art of Creative Negotiation*, and recently published his memoir in 2016: *Risk Game: Self-Portrait of an Entrepreneur*, written with Rebecca Paley.

Mr. Greenburger is also an activist for various social justice and political issues, beyond criminal justice reform. He is a longstanding political supporter and donor, using his network, voice and influence to advocate for social justice issues at the local, state, and federal levels.

Mr. Greenburger graduated from Baruch College in 1974 with a degree in Public Administration. He is an avid tennis player and traveler. He resides in Manhattan with his wife Isabelle Autones and is the father of four children: Morgan, Noah, Julia and Claire.

Mr. Greenburger holds Series 22, 39 and 63 securities registrations.

Robert Kantor has been employed by TEI since 1985. He is currently the President of TEI and the President of TES. Mr. Kantor received his B.S. (with High Honors) from the University of Maryland and his law degree from Northeastern University School of Law. He is a non-practicing Certified Public Accountant and a member of the Bar in New York. Although licensed in New Jersey and Massachusetts for many years, Mr. Kantor no longer maintains an active licenses in those states. In addition to being an experienced real estate tax professional, prior to joining TEI, Mr. Kantor ran a family-owned real estate company that purchased properties for investment and conversion to cooperative ownership, with cooperative sales in excess of fifty million dollars. In addition, Mr. Kantor has owned and operated for his own account (and that of his family) residential, office, industrial and retail properties in New York, New Jersey, Pennsylvania and many other states. Mr. Kantor is the manager or co-manager of more than three hundred real estate companies for Affiliates of TEI and/or Mr. Kantor or his family members. Mr. Kantor is also the President of a family-owned real estate management company known as Cityprop Management Corp. He is a member of the Board of Governors of a New Jersey country club. Mr. Kantor is the President and a Principal in TES. Mr. Kantor holds Series 22, 39 and 63 securities registrations.

Max Pastor, Chief Operating Officer. Mr. Pastor has been actively engaged in multiple facets of commercial real estate for over 20 years. Mr. Pastor currently leads a national acquisitions and asset management group, is the Chief Operating Officer of TEI and a licensed principal with Time Equities Securities LLC, and is an integral contributor to TEI's executive management team. Since 2015, Max has originated and led the acquisition of approximately 4,500,000 square feet of real estate across 15 states. Mr. Pastor's responsibilities include originating, formulating and executing business plans for a diverse national real estate portfolio and utilizing his expertise to re-position underperforming assets such as industrial and office properties. Mr. Pastor received his B.A. from The Ohio State University and his J.D. from the Yeshiva University, Benjamin N. Cardozo School of Law. He is a member of the bar in New York and Florida, holds a Series 22, Series 39, and Series 63 Securities registration, and serves on the Board of Trustees and Executive Committee of Art Omi, Inc.

Landon Goodman, CPA, is TEI's Chief Financial Officer. Mr. Goodman graduated Cum Laude at SUNY University at Buffalo and has spent the past 16 years in finance. Before joining Time Equities, Inc. as the Chief Accounting Officer, Mr. Goodman spent seven (7) years at Deloitte & Touche, one of the big four accounting firms, as a Manager in the financial services group, auditing public and privately owned asset managers, banks, and real estate companies. Further, Mr. Goodman specialized in IPO readiness for entities in the real estate and mortgage securitization industry. After his tenure at Deloitte, Mr. Goodman joined HC2 Holdings, Inc., a publicly traded diversified holdings company as the Director of Financial Reporting. He was ultimately being promoted to the Controllershship office, where he oversaw the accounting, equity, consolidations, and reporting of the results of HC2 Holdings and its subsidiaries on a quarterly and annual basis.

David Feinberg. David Feinberg is General Counsel and Chief Compliance Officer at Time Equities Inc. (TEI), and is responsible for overseeing the legal aspects of the various transactions TEI performs. Mr. Feinberg's primary responsibilities are focused on preparing and negotiating Purchase and Sales Agreements, Loan Documents, Leases, and all other related real estate and tax matters. Mr. Feinberg also oversees all of compliance for TES. Mr. Feinberg has been with TEI since May of 2006. Mr. Feinberg graduated from the State University of Albany with a B.S. degree in Accounting in 1996. Mr. Feinberg

obtained his law degree from New York Law School in 1999 and his LL.M. in Taxation from New York University Law School in 2002. Mr. Feinberg is licensed to practice law in the States of New York and Florida and is also a Certified Public Accountant in New York. Mr. Feinberg holds a Series 22, Series 39, and Series 63 Securities registration.

David Becker, Managing Director, Equity Division. Mr. Becker is primarily responsible for overseeing equity department associates and personnel and raising equity capital from private and institutional investors. Mr. Becker has formed several strategic private and institutional equity and finance relationships that have provided TEI with a platform to diversify and expand. Mr. Becker is TEI's primary contact for outside investors and partners. Mr. Becker also has extensive acquisition and asset management experience and is also continually searching for new acquisition targets that meet TEI's investment objectives. Prior to joining TEI, Mr. Becker was Co-Founder and Principal of Becker Brothers LLC, a New York based real estate investment and development firm with a primary investment concentration in the Northeast. Mr. Becker began his career with Arthur Andersen's Real Estate Consulting Group (4 years), assuming responsibilities on a wide range of real estate projects including acquisition and valuation analysis. Mr. Becker graduated from Tulane University's A.B. Freeman School of Business in May 1994 with dual degree in finance and accounting. Mr. Becker resides in New Jersey with his wife and two children. Mr. Becker is a registered representative in TES and holds Series 22 and 63 securities registrations.

Alexander Anderson, Senior Director, Equity Division. Since joining TEI in 2011, Alexander has helped design and raise approximately \$1B in private real estate equity and debt offerings (including 1031 exchange transactions). Alexander has dedicated his attention towards building life-long friendships with hundreds of investment advisors/brokers, as well as thousands of high-net-worth investors (including single family offices) that he and TEI serve collectively through various investment programs. Alexander also has extensive experience in identifying and analyzing new acquisitions opportunities. Prior to joining TEI, Alexander began his career in commercial real estate investment sales and leasing at Colliers International and RHYS Commercial with a specialized focus on Westchester County, New York and Fairfield County, Connecticut. Alexander graduated from the University of Vermont earning a Bachelor's degree in Economics. Alexander is a FINRA registered representative with both Series 22 & 63 designations and is a licensed real estate broker in the State of New York.

Richard Recny, Managing Director, Acquisition/Commercial Asset Management. Mr. Recny has worked for TEI since 1987. His duties include the supervision of the development, management, and leasing of over 16 million square feet of industrial, office, and retail space from a landlord's perspective; the creation and the maintenance of management systems and controls for the portfolio; the development and evaluation of asset management strategies for each property within the portfolio; and the origination and analysis of new office, retail and industrial property acquisitions. In addition, Mr. Recny oversees the process to obtain LEED certifications, Energy Star ratings, and energy reductions for all commercial buildings within TEI's portfolio. Prior to Mr. Recny's appointment at TEI, he worked for the Local Development Corporation of East New York as its Executive Director ('79-'87). Mr. Recny created and developed a highly regarded local development corporation in the State of New York, developing the organization from a staff of one and an annual budget of \$20,000 to an organization with a staff of thirty-two and an annual budget in excess of \$2 million. In conjunction with the City of New York, he planned and supervised the development of the 102 acre East Brooklyn Industrial Park, created the first industrial business improvement district and one of the State of New York's first Economic Development Zones.

Mr. Recny is a graduate of the University of California at Berkeley and Columbia University.

Dorothy Biondo, Controller. Ms. Biondo has been with TEI for over thirty-two (32) years. She started at a time when the accounting department was a very small group that mainly processed payables using a limited computer system. The accounting department that she oversees has a staff of approximately 18 people, including professional, bookkeeping and general accounting clerical personnel who handle all transactions from rent application, payable processing, investor distributions, administration of mortgage and loans payable and receivable, and the ongoing reconciliation and analysis of the general ledger activities for over 300 properties and over 500 U.S. and foreign currency bank accounts that are managed from the TEI home office. Ms. Biondo also works very closely with TEI Canadian counterparts to coordinate the activity and ensure accounting and compliance issues are properly addressed.

Asset Manager

TEI will be the asset Manager for the Properties, but in certain cases it may be both the Managing Agent and the Asset Manager. See above for a description of the management executives, officers and directors of TEI.

FIDUCIARY DUTIES OF THE MANAGER

The Manager is responsible for the control and management of the Fund and must exercise good faith and integrity in handling Fund affairs. The Manager has a fiduciary responsibility for the safekeeping and use of all funds and assets of the Fund, whether or not in its immediate possession and control, and may not use or permit another to use such funds or assets in any manner except for the exclusive benefit of the Fund. The funds of the Fund will not be commingled with the funds of any other person or entity. The Manager may employ persons or firms to carry out all or any portion of the business of the Fund and has the authority to employ contractors, architects, attorneys, accountants, engineers, appraisers or other persons or entities to assist it in the management and operation of the Fund. Some or all of such persons or entities employed may be Affiliates of the Manager. In addition to those duties and obligations placed upon the Manager by the Operating Agreement, the Manager is accountable to the Members as a fiduciary under applicable Delaware law. This area of the law is rapidly developing, and investors who have questions concerning the fiduciary duties of the Manager should consult with their own legal counsel.

The Operating Agreement provides that the Manager (and its members, Affiliates, officers, partners, directors, employees, agents and assigns) will not be liable to the Fund or the Members for any act or omission performed or omitted by it in good faith, but will be liable only for fraud, gross negligence or willful misconduct. Members and other holders of Units may, accordingly, have a more limited right of action against the Manager than they would have absent such an exculpatory provision in the Operating Agreement.

The Operating Agreement generally provides for indemnification of the Manager (and its members, affiliates, officers, partners, directors, employees, agents and assigns) and any officers of the Fund by the Fund (to the extent of Fund assets) for any claims, liabilities and other losses that it may suffer in dealings with third parties on behalf of the Fund not arising out of fraud, gross negligence or willful misconduct. In the case of a liability arising from an alleged violation of securities laws, the Manager may obtain indemnification only if: (i) the Manager is successful in defending the action, (ii) the indemnification is specifically approved by the court of law which will

have been advised as to the current position of the SEC (as to any claim involving allegations that the Securities Act was violated) or the applicable state authority (as to any claim involving allegations that the applicable state's securities laws were violated), or (iii) in the opinion of counsel for the Fund, the right to indemnification has been settled by controlling precedent. It is the opinion of the SEC that indemnification for liabilities arising under the Securities Act is contrary to public policy and, therefore, unenforceable.

CONFLICTS OF INTEREST

The Manager and its Affiliates may act as the manager of other limited liability companies and the general partner of other partnerships. The Manager and its Affiliates may form and manage additional limited liability companies or other business entities. The Manager and its Affiliates have existing responsibilities and, in the future, may have additional responsibilities to provide management and services to a number of other entities in addition to the Fund. As a result, conflicts of interest between the Fund and the other activities of the Manager and its Affiliates may occur from time to time. The principal areas in which conflicts may be anticipated to occur are described below.

Obligations to Other Entities

Conflicts of interest will occur with respect to the obligations of the Manager and its Affiliates to the Fund and similar obligations to other entities. Moreover, the Fund will not have independent management, as it will rely on the Manager and its Affiliates for all its management decisions. Other investment projects in which the Manager and its Affiliates participate may compete with the Fund for the time and resources of the Manager and its Affiliates. The Manager will, therefore, have conflicts of interest in allocating management time, services and functions among the Fund and other existing partnerships, projects and businesses, as well as any partnerships, projects or business entities which may be undertaken or organized in the future. Under the Operating Agreement, the Manager is obligated to devote as much time as it, in its sole discretion, deems to be reasonably required for the proper management of the Fund and its assets. The Manager believes that it has the capacity to discharge its responsibilities to the Fund notwithstanding participation in other investment programs and projects.

Interests in Other Activities; Competition with the Fund

The Manager or any of its Affiliates may engage for their own account, or for the account of others, in other business ventures, whether related to the business of the Fund or otherwise, and neither the Fund nor any Member will be entitled to any interest therein solely by reason of any relationship with or to each other arising from the Fund.

Acquisition of Other Properties

The Manager and/or the Principals of the Manager may also form additional limited liability companies and other entities in the future to engage in activities similar to and with the same investment objectives as those of the Fund. The Manager or its Principals may be engaged in sponsoring other such entities at approximately the same time as the Fund's securities are being offered or its investments are being made. These activities may cause conflicts of interest between such activities and the Fund, and the duties of the Manager concerning such activities and the Fund, including with respect to the acquisition

of properties by the Fund and the other entities. The Manager intends, but there is no requirement, that during the Fund's investment period, depending upon the Fund's resources available for investment, if a property meets the investment criteria for the Fund, including without limitation, the projected return on investment and investment hold period, that the Fund will acquire all or a portion of such Property. However, the Manager and its Affiliates will have broad discretion regarding the acquisition of Properties by the Fund and it is possible that certain properties meeting the Fund's investment objectives will not be offered to the Fund for acquisition. The Manager may face a conflict of interest in allocating the amount to be invested in a particular Property between the Fund and other competing Affiliates or third party investors, some of which may have the need to fund a replacement property for a 1031 or 1033 like kind exchanges, who would also like to invest in the same Property as selected for investment by the Fund. In certain cases, there may be more money to be invested than the amount of capital required for a Property. This could result in the Fund investing less in a Property, or possibly not at all, than what it would have otherwise done if there were not competing investors and/or Affiliates of the Manager for investment in the same Property. The Manager will attempt to minimize any conflicts of interest that may arise among these various activities.

Receipt of Compensation by the Manager and its Affiliates

The payments to the Manager and its Affiliates set forth under "**Compensation to the Manager and its Affiliates**" have not been determined by arm's length negotiations. The Manager and its Affiliates will receive compensation pursuant to agreements that will be negotiated on behalf of the Fund by the Manager and there will not be any independent valuation of such compensation. As a result, the Manager will determine its own compensation and the Members will not have approval rights for such compensation.

Manager's Representation of Fund in Tax Audit Proceedings

Situations may arise in which the Manager may act as the partnership representative on behalf of the Fund in administrative and judicial proceedings involving the IRS or other enforcement authorities. Such proceedings may involve or affect other entities for which the Manager or its Affiliates may act as the manager. In such situations, the positions taken by the Manager may have differing effects on the Fund and the other entities. Any decisions made by the Manager with respect to such matters will be made in good faith consistent with the Manager's fiduciary duties both to the Fund and the Members and to any other entities for which the Manager or an Affiliate may be acting as a manager. However, any Member who desires not to be bound by any settlement reached by the Manager may file a statement within the period prescribed by applicable tax regulations stating that the Manager does not have authority to enter into a settlement on his or her behalf.

Legal Representation

Cohan, Rubenstein, Sappol & Sturman PLLC, a New York professional service limited liability company ("**Cohan Rubenstein**") will be paid legal fees for the syndication of the offering, including the preparation of the PIM, subscription and operating agreements and the preparation and submission of the SEC and state filings in the estimated amount of **\$96,500.00**. Some of the attorneys that are part of the legal department of TEI are also affiliated with Cohan Rubenstein. Conflicts may arise in the future and if those conflicts cannot be resolved or the consent of the respective parties obtained to the continuation of the multiple representation after full disclosure of any such conflict, said counsel will withdraw from

representing one or more of the conflicting interests with respect to the specific matter involved. Each Member acknowledges and agrees that the respective counsel representing the Fund, the Manager and its Affiliates does not represent and will not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Members in any respect. In addition, one or more attorneys from TEI may make an investment to acquire Units pursuant to the terms of this Offering; provided, however, such investment in Units should not be taken as a representation or opinion concerning the operation of the Fund's business, its future success or any other matter related to the investment by any Member in the Fund.

Possible Loans for a Property Made by an Affiliate of the Manager

In certain cases an Affiliate of the Manager, at their sole option, may make a loan to an owner of a Property on a secure or unsecured basis. Such loan may be made on as needed basis to fund capital improvements, leasing costs (tenant improvements and leasing commissions), unbudgeted operating expense and/or working capital. Such loans, to the extent made, will have a short term of generally 1 to 3 years, with an expectation that it will be paid off with permanent financing for such applicable Property. Also, such loan will generally consist of interest only debt service payments to be paid on a quarterly basis. A conflict of interest could arise between the Manager and the lender for such loans if an event of default occurs under any such loan or if such loan (if not extended) is not timely refinanced and paid off on or prior to its maturity date. To the extent any such loan is secured by a mortgage, then, if such loan is accelerated due to any event of default, such loan could then be foreclosed upon and any such Property could be lost.

Resolution of Conflicts of Interest

The Manager has not developed, and does not expect to develop, any formal process for resolving conflicts of interest. However, the Manager is subject to a fiduciary duty to exercise good faith and integrity in handling the affairs of the Fund, which duty will govern its actions in all such matters. See “**Fiduciary Duties of the Manager**”. While the foregoing conflicts could materially and adversely affect the Members, the Manager, in its sole judgment and discretion, will attempt to mitigate such potential adversity by the exercise of its business judgment in an attempt to fulfill its fiduciary obligations. There can be no assurance that such an attempt will prevent adverse consequences resulting from the numerous conflicts of interest.

Reimbursement of Expenses

The Manager will be reimbursed by the Fund for all direct costs incurred by the Manager when performing services on behalf of the Fund, for certain expenses incurred with respect to the acquisition of the Properties (including interest on funds advanced) and for certain indirect costs allocable to the Fund.

TES

TES, as the Managing Broker-Dealer, may be expected under applicable securities laws to review this Memorandum to determine if this Memorandum is accurate and complete. TES is an Affiliate of the Manager and will also be paid a fee based on the number of Units sold and its Affiliates are entitled to receive substantial fees set forth under “**Compensation to the Manager and its Affiliates.**” Consequently, there is an inherent conflict of interest to TES in reviewing this Memorandum.

Conflict as to any Recourse Liabilities

If a Principal of the Manager of the Fund decides, in its sole discretion, to provide any guaranty (including a guaranty of non-recourse carveouts) and/or environmental indemnification on behalf of the Fund, then such Principal, who provided such guaranty and/or indemnification, must act in their personal best interest to minimize or eliminate any payments by them, which actions may not, at the same time, be in the best interests of the Fund. In addition, the Manager may, in its sole discretion, surrender and/or transfer a Property through a deed in lieu of foreclosure in exchange for the full or partial release of any recourse liabilities that any such Principal of the Manager may have. This action, although beneficial to the Manager or its Principals, may not be in the best interest of the Fund.

COMPENSATION TO THE MANAGER AND ITS AFFILIATES

The following information summarizes the forms and estimated amounts of compensation (some of which involve cost reimbursements) to be paid by the Fund, or others, to the Manager and its Affiliates. Much of this compensation will be paid regardless of the success or profitability of the Fund. None of these fees were determined by arm's length negotiations. Except as disclosed in this Memorandum, neither the Fund nor any of its Affiliates, directors, officers, employees, agents or counselors are participating, directly or indirectly, in any other compensation or remuneration with respect to the Offering.

Form of Compensation	Description	Estimated Amount of Compensation
Offering and Organization Stage:		
Selling Commissions, Placement Fee and Marketing and Due Diligence Allowance:	<p>TES, an Affiliate of the Manager, will act as Managing Broker-Dealer and will receive compensation equal to 7% of the purchase price of the Interests sold by the Managing Broker-Dealer and/or Selling Group Members as selling commissions (provided, however, that this amount will be reduced if TES negotiates a lower commission rate with a Selling Group Member and the commission rate will then be the lower agreed upon rate). Also, this commission may be reduced if there is no Selling Group Member involved in the purchase of Units by an Investor.</p>	<p>The actual amount of Selling Commissions and non-accountable marketing allowance will depend upon the number of Units sold by the Selling Group Member and/or by TES. The placement fee is estimated to be approximately \$7,000,000 based on the Initial Maximum Offering Amount (without deductions for the Units to be purchased by the Affiliates of the Manager, to which Sales Commissions will not be paid)</p>
	<p>1% of Total Sales, as a non-accountable marketing and due diligence allowance or fee, to defray marketing and due diligence expenses incurred, will be paid to TES, some or all of which will be paid to Selling Group Members.</p>	
	<p>TES will also receive 1% of Total Sales as a placement fee. TES may also sell Units as part of the Selling Group, thereby becoming entitled to Selling Commissions.</p>	

Organization and Offering Expenses: The Manager will be reimbursed for all Organization and Offering Expenses (including legal, accounting, printing, marketing and other miscellaneous costs and expenses), as well as costs and expenses relating to the organization of the Fund, which will be limited to 2% of the total Offering Proceeds. Impracticable to determine at this time.

Wholesaler Fees: An amount up to 1% of the Total Sales will be paid to TES as a wholesaler fee, which may be shared, in whole or in part, with certain wholesalers. Impracticable to determine at this time.

Operating Stage:

Reimbursement of Expenses to Manager: Reimbursement of reasonable and necessary expenses paid or incurred by the Manager in connection with the operation of the Fund, including any legal and accounting costs (which may include an allocation of salary), and any costs incurred in connection with acquisition of the Properties, including travel, surveys, environmental and other studies and interest expense incurred on deposits or expenses, to be paid from operating revenue. Impracticable to determine at this time.

Legal Fees: The Manager and its Affiliates employ in-house attorneys who will receive compensation for their preparation of this Memorandum and the related documents and for their anticipated representation of the Fund with respect to the acquisition and financing of the Properties. Impracticable to determine at this time.

Accounting Fees:	The Manager and its Affiliates employ an in-house accounting team at TEI to provide accounting services to the Fund. In the event that such services are provided, the Fund will compensate the Manager and its Affiliates at market rates for the services provided.	Impracticable to determine at this time.
Acquisition Fees:	The Asset Manager generally charges an acquisition fee of 2%, although in special circumstances or in joint ventures, the Asset Manager may be entitled to receive an acquisition fee of up to 4% of the purchase price of the Properties. In addition, if an Affiliate of the Manager (including the Asset Manager) also receives a real estate commission on the purchase of a Property, the acquisition fee will be reduced to the extent that the combination of the acquisition fee and the real estate commission would exceed 4% of the purchase price of such Property. To the extent an Affiliate of the Manager transfers a Property to the Company or an entity in which the Fund is a member, there will only be one acquisition fee to be paid or reimbursed in connection with the acquisition of any such Property.	Impracticable to determine at this time.
Property Management Fee:	TEI or an Affiliate will be entitled to receive a Management Fee with respect to each Property equal to then current market rates. In the event the Property Manager hires a sub-manager with	Impracticable to determine at this time.

respect to any Property, any fee paid to such sub-manager will be paid out of the Asset Management Fee paid to the Property Manager.

Leasing Commissions:	TEI will receive leasing commissions equal to then current market rates. Any leasing fees due to outside brokers will be paid out of the leasing commission paid to the Property Manager.	Impracticable to determine at this time.
Construction Management Fees:	TEI or an Affiliate will receive a Construction Management Fee equal to 5% of any amount (including related professional services) expended for construction, tenant improvement or repair projects, with a cost of \$25,000 or greater, except for elevator improvements, the construction management fee shall be 1% of such costs. In the event that a tenant completes its own tenant improvements, the Construction Management Fee will be 2% of the amount expended for such tenant improvement.	Impracticable to determine at this time.
Asset Management Fees:	TEI will be entitled to receive an annual Asset Management Fee in an amount equal to 1.5% of the gross rents collected from the Properties. Such asset management fee will be paid in monthly installments.	Impracticable to determine at this time.
Financing Fees:	TEI will be entitled to receive a Financing Fee in an amount up to 1% of the amount of any financing or refinancing obtained with respect to the Properties. In the event that an	Impracticable to determine at this time.

outside broker is due a fee with respect to any financing or refinancing, the Fund will be responsible for paying such outside broker in addition to the amount paid to TEI, provided that the total fees paid to both TEI and an outside broker shall not exceed 1% of the loan amount.

Other Fees: The Manager and its Affiliates (including TEI) may provide services to the Fund that would otherwise be provided by a third-party vendor and will receive compensation based on market rates for such services. Impracticable to determine at this time.

Guaranty Fee: TEI or an Affiliate will be entitled to receive a Guaranty Fee in an amount up to 4% of the principal amount of any debt of the Company or any debt secured by any of the Properties that is personally guaranteed by a principal or such Affiliate of TEI. Impracticable to determine at this time.

Interest in the Fund:

Distributions of Cash From Operations: The Manager will receive distributions as provided in the Section in the Summary of Offering titled **“Distributions of Cash From Operations.”** In addition, the Manager and/or its Affiliates will acquire Units and will receive distributions of Cash From Operations as a Member of the Fund. Impracticable to determine at this time.

Allocation of Net Profit and Net Loss: The Manager will be allocated Net Profit and Net Loss in accordance with the distribution formula set forth in the section of the Summary of this Offering titled “**Allocations of Net Profit and Net Loss.**” In addition, the Manager and/or its Affiliates will acquire Units and will receive Allocation of Net Profit and Net Loss as a Member of the Company. Impracticable to determine at this time.

Sales Brokerage Fees:

TEI or an Affiliate will be entitled to receive a Sales Brokerage Fee (which shall include all third party and internal sales brokerage fees) in an amount up to 4% of the sales price of the Properties in connection with any sale, exchange or other disposition of a Property to a third party purchaser, who is not an Affiliate of the Manager. All sales brokerage fees due in connection with any sale, exchange or disposition of a Property will be paid out of this Sales Brokerage Fee. Impracticable to determine at this time.

RETENTION OF A THIRD-PARTY FUND ADMINISTRATOR

The Fund may retain a third-party administrator to provide certain administrative services for the Fund, including but not limited to, those relating to: i) processing subscriptions; ii) payment of commission to broker dealers; iii) the calculation and disbursement of distributions to investors; iv) processing requests for assignment and/or redemption of membership interests; v) management of member changes (e.g.: change of address, distribution method and contact information); vi) OFAC checks for Investors as part of their subscription process, vii) confirm the accredited status of an Investor, and viii) monitoring the investor portal. It is estimated, but not guaranteed, that the Fund will pay an annual fee to the third party administrator in the approximate amount of approximately \$50,000 (subject to change over the life of the Fund).

DESCRIPTION OF LIMITED LIABILITY COMPANY UNITS

The Units represent equity interests in the Fund and entitle the holder thereof to participate in certain Fund allocations and distributions. Persons who purchase Units from the Fund will become Members in the Fund and will be entitled to vote on certain Fund matters. See “**Summary of the Operating Agreement.**”

The Fund is offering for sale 20,000 Units at \$5,000 per Unit. The Fund may, in its sole discretion, accept purchases of Units net of all or a part of the Selling Commissions and Expenses otherwise payable from accredited investors purchasing units through a registered investment advisor and/or through a Selling Group Member, if a registered representative from such Selling Group Member is willing to reduce and/or waive such fees. This also applies to the purchase of Units by the Manager and/or its Affiliates.

The minimum investment in the Fund is 5 Units (\$25,000), except that the Fund may permit certain investors to purchase fewer Units in its sole discretion.

Units may not be freely assigned and are subject to restrictions on transfer by law, by regulation in the state where they are sold, and by the Operating Agreement, and may be subject to restrictions on transfer imposed by lenders. It is not anticipated that a public trading market in the Units will develop. See “**Restrictions on Transferability.**”

RESTRICTIONS ON TRANSFERABILITY

There are substantial restrictions on the transferability of the Units in the Operating Agreement and imposed by state and federal securities laws. Lenders may also impose additional restrictions on the transferability of Units. Before selling or transferring a Unit, a Member must obtain the written consent of the Manager and comply with applicable requirements of federal and state securities laws and regulations, including the financial suitability requirements of such laws or regulations. It is highly unlikely that any market for Units will ever develop and prospective investors should view an investment in Units as solely a long-term investment.

In addition, the Operating Agreement provides that an assignee of the Units may not become a Substituted Member without meeting certain conditions and without consent to such substitution by the Manager, which consent the Manager may withhold in its sole discretion. If an assignee is not admitted to the Fund as a Substituted Member, such assignee will have no right to vote on Fund matters, will have no right to information relating to the Fund’s business, and will have no right to participate in the management of the business and affairs of the Fund. Such assignee will only be entitled to receive a share of profits and distributions to which a member would otherwise be entitled. Further, no transfer will be allowed unless the Manager determines that the transfer will not cause the Fund to be “**publicly traded.**” See “**Federal Income Tax Consequences.**”

The Units offered by this Memorandum have not been registered under the Securities Act or by the securities regulatory authority of any state. The Units may not be resold unless they are registered under the Securities Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available.

Appropriate legends setting forth the restrictions on the transfer of the Units will be set out on any certificates representing Units.

SUMMARY OF THE OPERATING AGREEMENT

General

The rights and obligations of the Members will be governed by the Operating Agreement, a copy of which is printed in its entirety as Exhibit B hereto. Any prospective purchaser of the Units offered hereby should review the entire Operating Agreement before subscribing. The following is merely a summary of some of the significant provisions of the Operating Agreement and is qualified in its entirety by reference thereto.

The Fund has been formed under the Delaware Limited Liability Company Act. The Manager is Time Equities Management VII, LLC. The purchasers of the Units offered hereby will become Members of the Fund.

The character and general nature of the business to be conducted by the Fund is the acquisition and operation of the Properties. The principal place of business of the Fund (and the mailing address of the Fund) will be 55 Fifth Avenue, 15th floor, New York, NY 10003, and the telephone number is (212) 206-6176.

The Return of the Amount Invested by the Members

In the event the Fund has not made total distribution to the Members in the amount that equals or exceeds 100% of the amount invested by the Members in the Fund on or prior to the ten (10) year date, the Fund will attempt to sell and/or refinance the Properties (which have not been previously sold and/or refinanced) in order to distribute to the Members the amount needed to bring the total Distributions made to the Members to 100% of the amount invested in the Fund by the Members.

Capital Contributions

The Members (except as to Affiliates of the Manager, as described below) will make contributions of cash in exchange for Units. The Manager and its Affiliates may also make contributions of property to the Fund in exchange for Units. The value of the property contributed by the Manager will be determined by the contributing party's cost, without any mark-up for the property (including the purchase price and all costs associated with the acquisition and/or financing and the amount of any cash reserve or working capital funded from equity contributions, but reduced by any debt secured by the property and assumed by the Fund). To be eligible for inclusion as a Property, it must be acquired no later than six (6) months after the date of the acquisition of any such Property by an Affiliate of the Manager.

Allocation of Net Profit and Net Loss

The following provisions are included in the Operating Agreement for the Company as to the allocation of Net Income and Net Loss.

Allocation of Net Profit and Net Loss. After giving effect to the special allocations set forth in Sections 4.2 - 4.8 of the Operating Agreement for the Company, Net Profit and Net Loss for any taxable year, shall be allocated among the Members in a manner such that, the Capital Account of each Member, immediately after making such allocation, and after taking into account actual distributions made during

such taxable year, is, as nearly as possible, equal (proportionately) to (i) the Distributions that would be made to such Member pursuant to Section 5 of the Operating Agreement pertaining to Distribution of Cash from Operations (“**Section 5**”) if the Company were dissolved, its affairs wound up and the Company’s interests in the Properties and its assets are sold for cash equal to their Book Value, all Company liabilities, including the Company’s share of any liability of any entity treated as a partnership for U.S. federal income tax purposes in which the Company is a partner, were satisfied (limited with respect to each nonrecourse liability to the Book Value of the Company’s interests in the Properties securing such liabilities) and the net assets of the Company were distributed in accordance with Section 5 to the Members immediately after making such allocation, computed immediately prior to the hypothetical sale of all of the Company’s interests in the Properties and its assets. Subject to the other provisions of Section 4 of the Operating Agreement, an allocation to a Member of a share of Net Profit or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Profit or Net Loss.

Distributions of Cash From Operations

Cash available for Distribution from both: (i) net operating income generated by the Properties, as determined by the Manager with respect to each year, and (ii) the proceeds from the sale or refinancing of the properties or other capital transactions that are available for distribution to Investors (after transaction costs, repayment of liabilities, required or intended to be paid therefrom and retention of such amounts for reserves as the Manager determines is prudent) will be distributed in the following order of priority:

Distributions of Net Cash Flow

Distributions of Net Cash Flow for a particular calendar year (or part thereof), to the extent available for distribution, as determined by the Manager in their sole discretion, shall be made to the Members and the Manager in the following order of priority:

First, to the Members (including the Manager), quarterly, in an amount equal to the sum of their Unpaid Preferred Return of 6% per annum on a cumulative basis (“**6% Return**” or “**Preferred Return**”) (calculated to the end of the quarter prior to the date of Distribution) to be distributed pro rata in accordance with their respective Priority Membership Percentage Interests. The cumulative Unpaid Preferred Return shall not be compounded but shall include the Unpaid Priority Return for the current calendar year as well as the aggregate amount of the Unpaid Priority Return for all prior calendar years. Distributions made pursuant to this Section shall not be applied to reduce the Unreturned Capital Contribution of a Member.

Second, after the Members have been paid distributions equal to the cumulative Unpaid Priority Return on their Unreturned Capital Contributions, without compounding, then Distributions shall be made 60% to the Members (including the Manager) on a pro rata basis and 40% to the Manager, as reflected in the Residual Membership Percentage Interests of the Members and the Manager. Distributions, if any, pursuant to this Section shall be made annually within 90 days after the end of each calendar year. Such distributions under this Section shall not be applied to reduce a Member’s Unreturned Capital Contribution.

Distributions of Net Proceeds from a Capital Transaction

Distributions of Net Proceeds from a Capital Transaction (sale or financing or other Capital Transactions), as determined by the Manager in their sole discretion, shall be made to the Members and the Manager in the following order of priority:

- a) First, to the Members (including the Manager) in an amount equal to the sum of their Unpaid Preferred Return on a cumulative basis for the current and all prior calendar years, without any compounding (calculated to the date of such distribution) to be distributed pro rata basis in accordance with their respective Priority Membership Percentage Interest. Distributions made pursuant to this Section shall not be applied to reduce a Member's Unreturned Capital Contribution.
- b) Second, after the Members have been paid Distributions equal to the cumulative Unpaid Preferred Return for the current and all prior calendar years on their Unreturned Capital Contributions, without compounding, Distributions shall be made to the Members (including the Manager) on a pro rata basis in accordance with the respective membership interests of the Members until the Unreturned Capital Contributions of all of the Members has been reduced to zero. Such Distributions under this Section shall be applied to reduce a Member's Unreturned Capital Contribution.
- c) Third, after the Unreturned Capital Contribution of all of the Members has been reduced to zero, all other remaining cash available for Distribution shall be distributed to 60% to the Members on a pro rata basis and 40% to the Manager, as reflected in the Residual Membership Percentage Interest of the Members.

Notwithstanding the above, net proceeds from the sale or refinancing of the Property may also be used for the working capital needs for the Property.

Notwithstanding the above, if the Fund reinvests proceeds from the sale of any Property, the Fund may, at the option of the Manager, make Distributions to the Members and the Manager to the extent such Distributions to the Members and the Manager are needed to pay income taxes associated with the allocation of Net Income to the Members and Manager upon the sale of such Property. Any such Distributions will reduce subsequent Distributions to be made to the applicable Member and the Manager.

Initial Redemption of Units

After the first full calendar quarter following the funding of an Investor's subscription payment, Investors, on a first come first served basis, at their option, may redeem all or any part of their Unreturned Capital Contributions, subject to the quarterly and annual Redemption Caps, as described below ("**Initial Redemptions**"). Initial Redemptions are not permitted during the first full calendar quarter after Invested Capital is funded.

After the first full calendar quarter following the funding of Invested Capital, the following Redemption Fees, on the amount redeemed, shall be paid to the Fund for Redemptions that occur during the first (1st) through fifth (5th) years (the "**Initial Redemption Right Period**") following the funding of an Investor's initial subscription amount:

Time Period for Redemptions	Amount of Redemption Fee (based on amount of Redemption)
1 st year (months 01-12)	12%
2 nd year (months 13-24)	10%
3 rd year (months 25-36)	7%
4 th year (months 37-48)	5%
5 th year (months 49-60)	2%

Based on the above percentages, the amount of any Redemption Fee paid to the Fund shall be based on the amount of Invested Capital redeemed. The amount of any Redemption Fee will be deducted from the Redemption amount paid to an Investor. After the expiration of Initial Redemption Right Period, Investors may redeem their Unreturned Capital Contributions in accordance with the Repurchase or Redemption of Units following the Initial Redemption Right Period set forth in this Memorandum. The Initial Redemption Right shall be subject to a cap in any particular calendar quarter of 6.25% and 25% during each calendar year, in each case, based on the total Unreturned Capital Contributions for all of the Members of the Fund in existence during any such applicable calendar quarter and/or calendar year, subject to the standard redemption right set forth herein. The Manager, at its sole option, may establish a fixed date in such calendar quarter and/or calendar year to establish the aggregate Unreturned Capital Contribution that will be used to establish the applicable quarterly and/or annual Redemption Cap or alternatively may utilize the actual amount of the aggregate Unreturned Capital Contributions of all of the Members on a rolling basis as Redemption requests are received from the Members. Any requests for Redemption which exceeds the Redemption Cap shall be given priority when the first applicable opening occurs for any such Redemption, in whole or in part, which did not previously occur because of the Redemption Cap.

In addition, without any obligation, the Manager and/or designee may allow for a Redemption which involves the transfer of Units, in lieu of such Redemption if the Redemption Cap has been exceeded for any particular calendar quarter or year.

In the event of a death or Permanent Disability of an Investor, early Redemptions are permitted without payment of any Redemption Fee, even if this occurs during the Initial Redemption Right Period, and without being subject to above Redemption Cap on a quarterly or annual basis.

Redemptions may be undertaken either by the Fund or by the Manager (in such case also by an Affiliate and/or third party designated by the Manager). The Manager shall not have any obligation to undertake any such Redemption and may do so at its sole discretion. If the Manager elects, in lieu of the Fund, to undertake any such Redemption, then the Units and/or Membership Interests shall be purchased by the Manager or its designee (including an Affiliate and/or third party). If the Fund undertakes such Redemption, then the Fund's loan receipts and/or reserves could be used to pay for such Redemption. The Fund shall be entitled to retain any applicable Redemption Fee from the proceeds of the amount of the requested Redemption.

In the event that there is a condition or expected conditions that makes redemptions material adverse to the Company, including a deterioration in general economic conditions, and/or those pertaining to the conditions of the Properties, the occurrence of a force majeure event, and/or the onset of a public health concern or crisis (collectively referred to as an “Economic Disruption”), as determined by the Manager in its sole discretion, then the Manager may suspend the ability of Investors to undertake any such redemptions until the Manager, in their sole discretion, determine that such condition or Economic Disruption has subsided to the point where the Manager determines that it may allow such resumption of redemptions.

Standard Redemption of Units

Following the Initial Redemption Right Period described hereinabove, if Investors desire to liquidate some or all of their Units or Membership Interests in the Company, subject to the Black Out Period (as described below), the Manager and/or its Affiliates (including the Fund) have agreed to purchase up to five percent (5%) of the outstanding Units issued by the Company annually (the “**Annual 5% Limitation**”), on a first come, first served basis (hereinafter, the “**Standard Redemption**”).

The purchase price for the Units in a Standard Redemption shall be equal to the Redemption Value Per Unit times the number of Units being sold (as calculated pursuant to the provisions set forth in the Operating Agreement and as described below) and shall be paid in cash within forty-five (45) days of receipt of the Request for Redemption, provided an investor timely submits to the Manager the transfer documents for their Unit redemption. Any requests for redemption which exceed the Annual 5% Limitation shall be given priority in the following year but shall be subject to the Redemption Value Per Unit as of December 31st of the prior year. Sales or the redemption of Units shall be in the sole discretion of each Investor, subject to the Annual 5% Limitation. Once the Annual 5% Limitation has been achieved for a particular calendar year, then the Manager shall either post this on the Investor Website or otherwise notify the Investors of same in writing.

Following the Initial Redemption Right Period, but subject to the Black Out Period, Unit owners may request to be advised of the Redemption Value Per Unit (such response to an Investor’s request may be accomplished by posting it on the Company’s website) which shall be determined in the sole discretion of the Manager, based upon the Manager’s determination of the estimated fair market value of each of the Units, taking into consideration the fair market value of the Properties and/or Property Interests owned by the Company and any other assets of the Company, such as cash, securities and marketable receivables, reduced by any liabilities of the Company and any minority interest and illiquidity discounts that may be appropriate. The Redemption Value Per Unit shall be determined as aforesaid as of December 31st of the prior year adjusted for activity which may have occurred after the close of the year. The fair market value of the assets shall be reduced by all estimated selling expenses and closing costs, including closing adjustments, brokerage commissions, legal fees, disposition fees and transfer taxes.

Except as provided below, an Investor shall not be entitled to request a redemption during the Black Out Period during each current calendar year, starting with first calendar year following the Initial Redemption Right Period until the Redemption Value Per Unit is determined by the Manager for the current calendar year. The Black Out Period for each year shall commence on January 1st and continue until the Redemption Value Per Unit is determined by the Manager for the current calendar year unless an Investor,

at their option, desires to have their Units redeemed based on the Redemption Value Per Unit applicable during the prior calendar year. An Investor shall be able to indicate the election of such option on the Redemption Request Form to be submitted to the Manager.

Once determined, it is anticipated, but not guaranteed, that the Redemption Value Per Unit shall remain the same for the entire calendar year, however, the Manager reserves the right at any time, based on current market conditions and/or activities occurring after the close of a calendar year, to update such Redemption Value Per Unit.

If an Investor requests such redemption, they must submit such request by completing and sending in the Redemption Request Form that may be posted on the Investor Website for the Fund. At their option, Investors will be able to electronically submit such redemption request either on the Investor Website or another electronic means of communication. The Manager shall attempt to notify Investors the status of their request for redemption within fifteen (15) business days after receipt of such request submitted on the Redemption Request Form, except if the Redemption Value Per Unit has not yet been determined by the Manager and an Investor has not elected to have such Redemption occur based on last year's Redemption Value Per Unit, then the Manager shall attempt to notify an investor of the status of their request with fifteen (15) business days after the Redemption Value Per Unit is determined by the Manager for the current calendar year.

The purchasers of an Investor's Membership Interest or Units for any such redemption, in addition to it being an Affiliate of the Manager or the Fund, it may also include any other party or person designated by the Manager, including other Investors in the Fund, third party investors and employees of Time Equities Inc. The Manager shall have the right, in its sole discretion, to determine the actual party or person to be the purchaser for such Membership Interest or Units to be redeemed.

In the event that there is a condition or expected circumstance that make Redemption materially adverse to the Fund, including an Economic Disruption, as determined by the Manager in its sole discretion, then the Manager may suspend the ability of Investors to undertake such any Redemptions until the Manager, in its sole discretion, determines that such conditions or Economic Disruption has subsided to the point where the Manager determines that it may allow such resumption of Redemptions.

Please note that investments in the Fund are intended to be long term in nature and the Fund endeavors to acquire Properties that will generate income and appreciation over a significant period of time. Generally, such properties appreciate, if at all, after some period of time has passed after the date of acquisition and the investment objectives of the Fund are more likely to be achieved during such a period. Accordingly, Investors investing in the Fund are advised that only investable funds that will not be needed to pay for personal expenses and other recurring costs should be committed to the Fund. Redemptions should be seen as a last resort in the case of an emergency.

It should also be noted that the Redemption Value Per Unit may be greater than or less than the amount invested in the Fund and is likely to be less than the amount invested in the early years of the Fund due to the costs incurred by the Fund during the period in which capital is contributed to the Fund and the selling and disposition costs which will be included in the calculation of the Redemption Value Per Unit. See

“**Summary of the Operating Agreement**” and the Operating Agreement attached to the Memorandum as Exhibit B.

In addition, as an alternative for the above redemption by an Investor’s of some or all of their Units, as set forth above, based on the Redemption Value Per Unit, the Fund may, in the sole discretion of the Manager and upon the request of a Member or his or her authorized representative, repurchase the Units held by a Member in the case of the death or substantial disability of such Member and, if accepted by the Manager, the purchase price for the repurchased Units will be equal to 88% of the Member’s Unreturned Capital Contributions after deduction of Commissions and Selling Expenses allocated to such repurchased Units. There is no guaranty, warranty or representation that the Manager will approve such redemption or repurchase of any such Units, upon death or substantial disability of a Member.

Emergency Facility Loan

To the extent Members are in need of funds on an emergency basis, they will have the opportunity to borrow against part of their Unreturned Capital Contribution, based on the loan terms stipulated below:

Amount	Subject to the limitations set forth below, the maximum loan amount will be 25% of a Member’s Unreturned Capital Contributions at the time the loan is funded (the “ Loan ”). Investors can consult with the Equity Department at TES to ascertain their maximum loan amount.
Loan Availability	Such Loan will be available to Members anytime while a Member’s Unreturned Capital Contribution has not been repaid in full.
Lender	The Lender shall be an Affiliate of the Manager and/or its members and/or managers.
Maximum Aggregate Loans to be funded on an Annual Basis	The Lender shall, on a first come first serve basis, only be obligated to fund total aggregate loans, on a calendar year basis, of up to five percent (5%) of the Unreturned Capital Contributions for each particular calendar year. Such Maximum Amount of the Loan to be funded for any particular calendar year will be determined as of June 30 th of each calendar year.
Interest Rate	The interest rate will be fixed at 6% per annum for the entire term of the Loan.
Loan Payments	The Loan will be repaid from Distributions to the Member including

	<p>their Preferred Return and Distributions that would be applied to repayment of the Unreturned Capital Contribution of an Member. As a result, a Member will not have to make separate out of pocket payments to pay the interest and principal due under this Loan until the Maturity Date (five years from the end of the month in which the Loan closes).</p> <p>For example, if the Unreturned Capital Contribution of a Member is \$100,000 and the Member borrows \$25,000, and assuming the Member would only receive its 6% Preferred Return on an annual basis, this \$25,000 loan would be paid off in full in five (5) years.</p> <p>After the Loan is paid off, the payment of Distributions to the Member shall be resumed.</p>
Maturity Date	The Maturity Date for the Loan will be five (5) years after the end of the month in which the closing occurs. Any remaining loan balance, plus any accrued and unpaid interest, will be required to be repaid by the Member on the Maturity Date.
Right to Prepay the Loan Early	The Member shall be entitled, at any time, to prepay, all or any part of the Loan, without payment of any prepayment penalty.
Collateral for the Loan	The Member shall enter into a Security Agreement in favor of the Lender, whereby the Member shall pledge its Membership Interests in the Fund as collateral for the Loan. To perfect such security interest, a UCC-1 financing statement will be filed with the Secretary of State where the Member resides. Such UCC-1 filing shall indicate that the Member is pledging to the Lender as collateral for the Loan, all of its membership interest in the Fund. Once this Loan is paid off, the UCC-1 will be terminated. The Member shall have to pay the nominal costs to initially file the UCC-

	1 and, after the Loan is paid off, the UCC-3 termination statement to terminate such security interest.
Recourse Loan to the Investor	The Loan will be a recourse Loan whereby the Member will be personally liable for the remaining outstanding balance and accrued and unpaid interest if the Loan is not paid off in full by the Maturity Date.
Application Process	Each Member will have to complete a simple application for the Loan and allow the Lender, at its option, to undertake a credit check for the investor. The Lender will have the right to reject the application of a Member's if the Lender determines, in its sole discretion, that the Member is an unacceptable credit risk.
Legal Fee to be Paid by the Investor	The Member will have to pay a legal fee to Lender's counsel to prepare the loan documents and close the loan in the amount of 1% of the Loan amount.

Right of First Refusal

The Manager and its Affiliates have a right of first refusal for any Units that a Member desires to sell. The Manager and its Affiliates will have 10 business days to accept or reject an offer to purchase the Units held by a Member that wishes to sell such Units and 2 months to complete the acquisition. If the Manager or its Affiliates do not purchase any Units offered under the right of first refusal, the Member may sell the Units to a third party, subject to the terms and conditions in the Operating Agreement, on the same terms as those offered to the Manager and its Affiliates.

Authority of the Manager

The Manager has the exclusive authority to manage and control all aspects of the business of the Fund. In the course of its management, the Manager may, in its sole discretion, employ such persons, including, under certain circumstances, Affiliates of the Manager, as it deems necessary for the operation and management of the Fund; provided, however, that Members have the power to remove the Manager by a Majority Vote but only for: (i) fraud, gross negligence or willful misconduct or (ii) upon the occurrence of an Event of Insolvency with respect to the Manager. Such removal of the Manager will not be effective until the Manager receives in cash the full value of its Membership Interest in the Fund, if any.

Voting Rights of Members

Although they are not permitted to take part in the management or control of the business of the Fund, the Members have the right to vote on the following matters:

- (1) Remove a Manager as provided in the Operating Agreement;

- (2) Admit a Manager or elect to continue the business of the Fund after a Manager ceases to be a Manager when there is no remaining Manager;
- (3) Amend the Operating Agreement; and
- (4) Any merger or combination of the Fund or roll-up of the Fund.

The Manager may, at any time, call a meeting of the Members, or may call for a vote of the Members without a meeting on matters on which the Members are entitled to vote. In addition, a meeting of the Members will be called by the Manager upon receipt of written request by Members holding more than 10% of the outstanding Units.

Liabilities of Members

A Member's capital is subject to the risks of the Fund's business. Members are not permitted to take part in the management or control of the business of the Fund. Assuming that the Fund is operated in accordance with the terms of the Operating Agreement, a Member will not be liable for the liabilities of the Fund in excess of his or her total Capital Contributions and share of undistributed profits. A Member is obligated to return a distribution from a limited liability company to the extent that at the time of the distribution the member knew that after giving effect to the distribution, all liabilities of the limited liability company, other than liabilities to members on account of their interest in the limited liability company and nonrecourse liabilities which the recourse of creditors is limited to specified property of the limited liability company, exceed the fair value of the limited liability company's assets, provided that the fair value of any property that is subject to a nonrecourse liability is included in the limited liability company's assets only to the extent that the fair value of the property exceeds the nonrecourse liability.

The Operating Agreement provides that the Members will not be bound by, or be personally liable for, the expenses, liabilities or obligations of the Fund.

Liabilities of the Manager

The Manager will not have liability for the debts and obligations of the Fund after exhaustion of Fund assets and the Manager will not have an obligation to restore any deficit in its Capital Account upon liquidation of the Fund.

Indemnification of Manager

The Manager and its Affiliates and their Principals will be indemnified by the Fund (to the extent of the Fund's assets) from, any loss or damage incurred by them, the Fund or the Members in connection with the business of the Fund and for any action taken or failure to act on behalf of the Fund within the scope of authority conferred upon the Manager by this Agreement or by law, including costs and reasonable attorneys' fees and any amounts expended in the settlement of any claims of loss or damage resulting from any act or omission performed or omitted in good faith, which shall not constitute fraud, gross negligence or willful misconduct, pursuant to the authority granted, to promote the interests of the Fund. In addition, the Manager and its Affiliates and their Principals will not be indemnified for any claim arising out of any violation of the Securities Act.

The Operating Agreement provides that if the Manager, an Affiliate or its Principals is a guarantor under a loan secured by a Property or other indebtedness of the Fund (including any environmental indemnity), such person will not be required to take any action that would result in such person incurring personal liability even if such action or inaction would cause harm to the Fund. Thus, the Manager and its Affiliates and Principals may take an action, or fail to take an action, that creates liability to the Fund in order to avoid personal liability under a guaranty or environmental indemnity. In such case, it is possible that a lender could foreclose on a Property or the Manager could consent to a deed-in-lieu of foreclosure which would cause the loss of the entire investment by the Fund in such Property.

Enforcement Rights of Members

If a Member brings an enforcement action against the Fund or the Manager regarding his or her rights under the Operating Agreement and such Member is successful, the Fund will be responsible for paying such Member's costs and expenses related to the enforcement action. If the Member is not successful, the Member is required to reimburse the Fund or the Manager, as applicable, for the Fund's or the Manager's costs and expenses related to the defense of the enforcement action.

Books and Records

At all times during the term of the Fund, the Manager is required to keep true and accurate books of account of all of the financial activities of the Fund. Such books of account will be kept on the accrual basis of accounting and they will be open for inspection by the Members or their representatives at any reasonable time. The Manager may make such elections for federal and state income tax purposes as it deems appropriate, and the fiscal year of the Fund will be the calendar year.

Amendments

The Operating Agreement may be amended by the Manager with the consent of the Majority Vote, except that the Manager may amend the Operating Agreement without action by the Members to: (i) modify the allocation provisions of the Operating Agreement to comply with Code Section 704(b); (ii) add to the representations, duties, services or obligations of the Manager or any Affiliates for the benefit of the Members; (iii) cure any ambiguity or mistake, correct or supplement any provision in the Operating Agreement that may be inconsistent with any other provision, or make any other provision with respect to matters or questions arising under the Operating Agreement that will not be inconsistent with the provisions of the Operating Agreement; (iv) amend the Operating Agreement to reflect the addition or substitution of Members or the reduction of the Capital Accounts upon the return of capital to the Members; (v) minimize the adverse impact of, or comply with, any “**plan assets**” for ERISA purposes; (vi) reconstitute the Fund under the laws of another state if beneficial to the Fund; (vii) execute, acknowledge and deliver any and all instruments to effectuate the foregoing, including the execution, acknowledgment and delivery of any such instrument by the attorney-in-fact for the Manager under a special or limited power of attorney and to take all such actions in connection therewith as the Manager deems necessary or appropriate with the signature of the Manager acting alone; (viii) make any changes to the Operating Agreement required by a lender; (ix) change the name and/or principal place of business of the Fund; or (x) decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Fund and conduct its business affairs). No amendment will be adopted pursuant to (ix) or (x) above without the consent of the Members unless the adoption

thereof (a) is for the benefit of and not adverse to the interests of the Members and (b) does not affect the limited liability of the Members or the status of the Fund as a partnership for federal income tax purposes.

Prohibitions

The Operating Agreement provides that the Manager may not receive any rebate, kick-back or give-up in connection with the operation of the Fund, nor may the Manager participate in any reciprocal business arrangements that would circumvent the restrictions set forth in the Operating Agreement prohibiting certain types of dealings between the Manager, its Affiliates and the Fund. Neither the Manager nor any Affiliates in the Fund will directly or indirectly pay or award any finder's fees, commissions or other compensation to any person engaged by a potential investor for investment advice as an inducement to such advisor to advise the purchase of an interest in the Fund; provided, however, that the Manager will not be prohibited from paying underwriting or marketing commissions to registered broker-dealers or other properly licensed persons for their services in marketing Units as provided for in the Operating Agreement.

RULE 506(e) OF REGULATION D AS TO “BAD ACTOR” DISQUALIFYING EVENTS

On July 10, 2013, the Securities and Exchange Commission (the “**Commission**”) adopted bad actor disqualification provisions for Rule 506 of Regulation D under the Securities Act of 1933, to implement Section 926 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The disqualification and related disclosure provisions appear as paragraphs (d) and (e) of Rule 506 of Regulation D. Under Rule 506, these disqualifying events include:

- Certain criminal convictions
- Certain court injunctions and restraining orders
- Final orders of certain state and federal regulators
- Certain SEC disciplinary orders
- Certain SEC cease-and-desist orders
- SEC stop orders and orders suspending the Regulation A exemption
- Suspension or expulsion from membership in a self-regulatory organization (SRO), such as FINRA, or from association with an SRO member
- U.S. Postal Service false representation orders

When a Selling Group Member signs a selling group agreement with TES, as the Managing Broker/Dealer, they are required to notify TES, if they have anyone designated as a “**bad actor**” that is participating in their selling efforts in relation to this Offering. To the extent TES receives such notification prior to Offering Termination Date from any of its Selling Group Members then such disclosure shall be included in an Addendum or Project Supplement to this offering.

FEDERAL INCOME TAX CONSEQUENCES

The following discussion applies only to persons purchasing Units directly from the Fund. Investors should not view the following analysis as a substitute for careful tax planning, particularly because the income tax consequences of an investment in limited liability companies, such as the Fund, are often uncertain and complex. Also, the tax consequences will not be the same for all taxpayers. Investors should

be aware that the following discussion necessarily condenses or eliminates many details that might adversely affect some investors significantly.

Certain aspects of the following summary of federal income tax consequences to Members are the subject of an opinion from the Law Office of Daniel A. Schwartzman. The member of such firm is a former employee of TEI. This opinion is based on counsel's interpretation of the Code, Treasury Regulations promulgated thereunder, published rulings of the IRS and court decisions, as these existed at the time the opinion was rendered. An opinion of counsel only represents such counsel's best legal judgment and has no binding effect on the IRS or the courts. Thus, no assurance can be given that the conclusions set forth in such opinion would be sustained by a court, if contested, or that legislative or administrative changes or court decisions will not be forthcoming that would significantly modify the statements and opinions expressed therein. Any such changes may or may not be retroactive with respect to transactions prior to the date of such changes.

The discussion of the tax aspects contained in this Memorandum is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), the regulations thereunder (the "**Regulations**") and judicial and administrative interpretations thereof, all as of the date of this Memorandum. Nonetheless, you should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of the Fund. The extent Congress makes any changes to the federal income tax laws, the effect of any such changes, are uncertain. Furthermore, many recent changes to the tax law have sunset provisions, and therefore, a number of the benefits of the tax law changes may not be available for the duration of your investment in the Fund.

Counsel will not prepare or review the Fund's income tax information return, which will be prepared by management and independent accountants for the Fund. The Fund will make a number of decisions on such tax matters, such as the expensing or capitalizing of particular items, the proper period over which capital costs may be depreciated or amortized, and the allocation of acquisition costs between real property improvements and personal property. Such matters will be handled by the Fund, often with the advice of independent accountants retained by the Fund, and will not usually be reviewed with counsel.

There is uncertainty concerning certain of the tax aspects discussed herein, and there can be no assurance that some of the deductions claimed or positions taken by the Fund will not be challenged by the IRS. An audit of the Fund's information return may result in an increase in the Fund's gross income, in the disallowance of certain deductions and in an audit of the income tax returns of the Members, which could result in adjustments to non-Fund items of income, deduction or credit. Final disallowance of such deductions could adversely affect the Members. In addition, state tax authorities may audit the Fund's tax returns, which could result in unfavorable adjustments for Members. Investors might be faced with substantial legal and accounting costs in resisting a challenge by the IRS to the tax treatment of an investment in the Fund, even if the IRS's challenge proves unsuccessful.

You should not purchase Units solely for the purpose of obtaining tax shelter for income from sources other than the Fund. It is unlikely that the Fund will provide any such tax shelter. Even if, as a Member, you are entitled to deduct your share of the Fund's losses on your personal tax return, any such deductions may be relatively small in relation to the amount invested in the purchase of Units. A portion of the amount invested may be allocated to the purchase of land, which, unlike buildings and other improvements, is not depreciable for income tax purposes, or other nondeductible expenses. You are urged to consult your own tax advisors as to the tax consequences of an investment in Units.

The opinions being issued by counsel in connection with this Offering have been rendered for the Fund’s information and assistance with respect to the sale of Units. The opinions are not intended to be used by any taxpayer to avoid penalties, and may not be relied upon to avoid tax penalties. You should consult with your own independent tax advisor with respect to the tax consequences to you of purchasing Units.

Tax Consequences Regarding the Fund

Status as Partnership. Treasury Regulations provide that a limited liability Fund will be classified as a partnership for federal income tax purposes as long as an election is not made to treat the limited liability company as an association taxable as a corporation. The Manager has represented that no such election has been or will be made. Based on this representation, the Fund has received an opinion of counsel that the Fund will be treated as a partnership for federal income tax purposes.

If the Fund is treated as a partnership for federal income tax purposes, each Member will be required to include on their tax return his or her distributive share of the Fund’s income, gain, loss, deductions or credits. Consequently, if the Fund has Net Income at the end of the year, each Member will be subject to tax on his or her distributive share of Fund income, whether or not the Fund actually distributes cash in an amount equal to the income.

If for any reason the Fund is treated as a corporation for tax purposes, the Fund would be required to pay income tax at the corporate tax rates on its taxable income, thereby reducing the amount of cash available for distribution to Members. In addition, any distribution by the Fund to the Members would be taxable to them as dividends, to the extent of current and accumulated earnings and profits, or treated as gain from the sale of their Fund interests, to the extent such distributions exceeded both current and accumulated earnings and profits of the Fund and the Member’s tax basis for his or her Units.

Anti-Abuse Rules. Generally, partnerships are not liable for income taxes imposed by the Code. The Treasury Regulations issued under Section 701 of the Code set forth broad “**anti-abuse**” rules applicable to partnerships. These rules authorize the Commissioner of the IRS to recast transactions involving the use of partnerships either to reflect the underlying economic arrangement or to prevent the use of a partnership to circumvent the intended purpose of any provision of the Code. The Manager is not aware of any fact or circumstances relating to the Fund that could cause the Commissioner of the IRS to exercise his authority under these rules. If any of the transactions entered into by the Fund were to be recharacterized under these rules, or the Fund were to be recast as a taxable entity under these rules, it could have a material adverse effect on the Members. The application of the “**anti-abuse**” rules is a question of fact. Consequently, counsel has expressed no opinion on the applicability of the “**anti-abuse**” rules to the Fund.

Publicly Traded Partnership. Certain publicly traded partnerships are taxed as corporations for federal income tax purposes. Publicly traded partnerships are defined as partnerships whose interests are (1) traded on an established securities market or (2) readily tradable on a secondary market or the substantial equivalent thereof. The Units will not be traded on an established securities market. The determination as to whether the Fund will be considered “**publicly traded**” will depend on the number and type of subsequent transfers of Units. The Operating Agreement provides that any transfer of Units will not be effective unless and until the Manager determines that such transfer will not cause the Fund to be considered a publicly traded partnership under the applicable IRS guidelines. It is unclear whether the

Manager will be able to effectively limit possible transfers. However, a partnership, even though “**publicly traded**”, will not be treated as a corporation for tax purposes if 90% or more of its gross income consists of “**qualifying income**”. Qualifying income includes interest, dividends, real property rents, gain from the disposition of real property and income and gains from certain natural resource activities. The Fund will be engaged in the rental, development and sale of real estate. The Manager will try to operate the Fund so that at least 90% of the Fund’s income will be from rent from real property (and not personal property), interest and the sale of real property. The Fund may not meet the 90% “**qualifying income**” test and may be taxed as a corporation under the provisions governing publicly traded partnerships.

The Fund and the Members will be subject to additional rules if the Fund is publicly traded but the Fund is not taxed as a corporation. The net income from publicly traded partnerships not taxed as corporations is not treated as passive income for purposes of the passive loss rules. Each partner in a publicly traded partnership treats the loss from the partnership as separate from the income or loss from any other publicly traded partnership and separate from any income or loss from passive activities. Net income from publicly traded partnerships is treated as portfolio income under the passive loss rules. In Treasury Notice 88-75, the IRS stated that forthcoming regulations will treat net passive income of a publicly traded partnership as investment income for purposes of the limitation on investment interest expense. Net losses attributable to a partner’s interest in a publicly traded partnership are not allowed against the partner’s other income but instead are suspended and carried forward. Such losses can be applied against the net income from the partnership in the next tax year (or the next succeeding tax year in which the holder of the interest in the partnership has net income from the partnership). Upon a complete disposition (within the meaning of the passive loss rules) of the partner’s entire interest in a publicly traded partnership, any remaining suspended losses may be allowed.

Limitations on Losses and Credits from Passive Activities. Losses from passive trade or business activities generally may not be used to offset “**portfolio income**”, i.e., interest, dividends and royalties, or salary or other active business income. Deductions from passive activities may generally be used to offset income from passive activities. Interest deductions attributable to passive activities are treated as passive activity deductions, and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include (1) trade or business activities in which the taxpayer does not materially participate, which would include holding an interest as a member, and (2) rental activities. Thus, a Member’s share of the Fund’s Net Income and Net Loss will constitute income and loss from passive activities and will be subject to such limitation.

Losses (or credits that exceed the regular tax allocable to passive activities) from passive activities that exceed passive activity income are disallowed and can be carried forward and treated as deductions and credits from passive activities in subsequent taxable years. Disallowed losses from an activity, except for certain dispositions to related parties, may be allowed in full when the taxpayer disposes of his or her entire interest in the activity in a taxable transaction.

In the case of rental real estate activities in which an individual actively participates, up to \$25,000 of losses (and credits in a deduction-equivalent sense) from all such activities are allowed each year against portfolio income and salary and active business income of the taxpayer. Except as provided below with respect to “**real estate professionals**”, Members will not be actively participating in the Fund’s rental real estate activities and, therefore, will not be able to deduct any Fund Net Loss against their portfolio or

active business income. In addition, the \$25,000 allowable loss is subject to a phase-out for any individual whose adjusted gross income is more than \$100,000. An individual whose gross adjustable income is greater than \$150,000 will not be permitted to use any of the off-set.

Certain taxpayers (“**real estate professionals**”) can deduct losses and credits from rental real estate activities against other income, such as salaries, interest, dividends, etc. A taxpayer qualifies for this exception to the passive loss rules described above if: (1) more than one-half of the personal services performed by the taxpayer in trades or businesses during a year are performed in real property trades or businesses in which the taxpayer materially participates; and (2) the taxpayer performs more than 750 hours of services during the year in real property trades or businesses in which the taxpayer materially participates. In the case of a joint return, one spouse must satisfy both requirements. A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business. In determining whether a taxpayer performs more than half of his or her personal services in real property trades or businesses, services performed as an employee are disregarded unless the employee owns more than 5% of the employer. The question of whether the Fund will be engaged in a trade or business is a question of fact. Consequently, counsel has expressed no opinion on this issue.

Allocation of Net Income and Net Loss. Net Income and Net Loss will be allocated as set forth in the Operating Agreement. Although such allocations are permitted under partnership law, the Code and Treasury Regulations require that such allocations satisfy certain requirements. Code Section 702 provides that, in determining income tax, a Member must take into income his or her “**distributive share**” of the Fund’s income, gain, loss, deduction or credit. The Members may specially allocate their distributive shares of such profits and losses, thus redistributing tax liability, by provision in the Operating Agreement. However, the IRS will disregard such an allocation, and will determine a Member’s distributive share in accordance with the Member’s interest in the Fund, if the allocation lacks “**substantial economic effect**”.

Treasury Regulations on the allocation of items of partnership income, gain, loss, deduction and credit under Code Section 704(b) are concerned with whether an allocation of partnership tax items has “**substantial economic effect**”. Under the Treasury Regulations, an allocation has economic effect only if, throughout the term of the partnership, the partners’ capital accounts are maintained in accordance with the Treasury Regulations, liquidation proceeds are to be distributed in accordance with the partners’ capital account balances, and any partner with a deficit capital account following the distribution of liquidation proceeds is required to restore the amount of that deficit to the Fund for payment to creditors or distribution to partners in accordance with their positive capital account balances. If the partners’ obligations to restore deficit capital account balances is limited, the operating agreement must contain a “**qualified income offset**” provision, as described in the Treasury Regulations.

The Treasury Regulations also require that the economic effect of the allocation be “**substantial**”. In general, the economic effect of an allocation is “**substantial**” if there is a reasonable possibility that the allocation will affect substantially the dollar amounts to be received by the partners from the partnership, independent of tax consequences. The economic effect of an allocation is not substantial, however, if, at the time the allocation becomes part of the operating agreement, (1) the after-tax economic consequences of at least one partner may, in present value terms, be enhanced compared to such consequences if the allocation were not contained in the operating agreement, and (2) there is a strong likelihood that the after-tax economic consequences of no partner will, in present value terms, be substantially diminished compared to such consequences if the allocation were not contained in the operating agreement. In

determining the after-tax economic benefit or detriment to a partner, tax consequences that result from the interaction of the allocation of such partner's tax attributes that are unrelated to the partnership will be taken into account.

The Treasury Regulations provide that allocations of loss or deduction attributable to nonrecourse liabilities of a partnership (“**nonrecourse deductions**”) cannot have economic effect because, in the event there is an economic burden that corresponds to such an allocation, the creditor alone bears that burden. Thus, nonrecourse deductions must be allocated in accordance with the partners' interests in the partnership. Allocations of nonrecourse deductions are deemed to be made in accordance with the partners' interests in the partnership if, and only if, the following conditions are satisfied:

1. Throughout the full term of the partnership, the partners' capital accounts are maintained in accordance with the Treasury Regulations, and upon liquidation of the partnership, liquidating distributions are required to be made in accordance with the positive capital account balances of the partners.

2. Beginning in the first taxable year in which there are nonrecourse deductions and thereafter throughout the full term of the partnership, the operating agreement provides for allocations of nonrecourse deductions among the partners in a manner that is reasonably consistent with allocations, which have substantial economic effect, of some other significant partnership item attributable to the property securing nonrecourse liabilities of the partnership.

3. Beginning in the first taxable year of the partnership in which the partnership has nonrecourse deductions and thereafter throughout the full term of the partnership, the operating agreement contains a “**minimum gain chargeback**”, as defined in the Treasury Regulations.

4. All other material allocations and capital account adjustments under the operating agreement are recognized in accordance with the Treasury Regulations.

The Operating Agreement requires that the Members' Capital Account balances be maintained in accordance with the Treasury Regulations. The Operating Agreement contains a “**minimum gain chargeback**” provision, and the nonrecourse deductions are to be allocated under the Operating Agreement in a manner that is reasonably consistent with allocations, i.e., in accordance with allocations of Net Income. Members are not required to restore a deficit Capital Account balance. The Operating Agreement, however, contains a “**qualified income offset**” provision.

Based on the Operating Agreement, counsel is of the opinion that it is more likely than not, if litigated, that the allocations of Net Income and Net Loss as set forth in the Operating Agreement will be deemed to be in accordance with the Members' interests in the Fund and thus will be respected for federal income tax purposes. The question of whether the economic effect of the Fund's allocations is “**substantial**” is inherently factual and depends on facts that are not currently determinable. Counsel, therefore, has not rendered an opinion on whether the Fund's allocations have “**substantial economic effect**”.

Transfers of Units. For federal income tax purposes, items of income, gain, loss, deduction or credit of the Fund may be allocated to a Member only if they are received, paid or incurred by the Fund during that portion of the year in which the Member is treated as a partner of the Fund for tax purposes.

If any Member's interest in the Fund changes at any time during the Fund's taxable year, each Member's share of each item of Fund income, gain, loss, deduction and credit is to be determined by using any method prescribed by Treasury Regulations that takes into account the varying interests of the Members in the Fund during the taxable year.

The legislative history concerning this provision indicates that a monthly convention will be provided for by regulation. Under this convention, partners entering on the sixteenth day of the month or later will be treated as entering on the first day of the following month, and partners entering during the first 15 days of the month will be treated as entering on the first day of the month. The regulations may also provide for other conventions and may deny the use of any convention when the occurrence of significant, discrete events (e.g., a large, unusual gain or loss) would mean that use of the convention could result in significant tax avoidance.

The Net Income or Net Loss allocable to any Units transferred during any year will be allocated among the persons who were the holders thereof during such year in proportion to the number of months that each such holder was recognized as the owner of such Units during the year (for the purposes of such allocation, ownership for each month is determined as of the fifteenth day of each month). A holder who purchases a Unit during the first 15 days of a month will receive allocations of Net Income and Net Loss relative to such month. A holder who purchases a Unit on or after the sixteenth day of the month will be treated for income tax allocation purposes as acquiring the Unit on the first day of the following month. The holder of a Unit will be required to report a share of the Fund's Net Income or Net Loss during the period of such holder's ownership on his or her personal income tax return even though the holder receives no distributions with respect to such period of ownership and/or the amount distributed to such holder has no relationship to the amount that he or she is required to report.

Calculation of a Member's Adjusted Basis. Each Member's adjusted basis in his or her Units will be equal to such Member's cash Capital Contributions increased by: (i) the amount of his or her share of the Net Income of the Fund, and (ii) his or her share of nonrecourse indebtedness to which Fund property is subject, if any. A Member's share of nonrecourse liabilities is the sum of: (i) the Member's share of Fund minimum gain; (ii) the amount of any taxable gain that would be allocated to the Member under Code Section 704(c); and (iii) the Member's share of the excess nonrecourse liabilities. The Operating Agreement specifies that the excess nonrecourse liabilities will be allocated in proportion to the outstanding Units.

A Member's basis in his or her Units is reduced, but not below zero, by (x) the amount of the Member's share of Fund Net Loss and expenditures that are neither properly deductible nor properly chargeable to the Member's capital account and (y) the amount of cash distributions received by the Member from the Fund. For purposes of calculating a Member's adjusted basis in his or her Units, any reduction in the amount of Fund nonrecourse indebtedness will be treated as a cash distribution to such Member in accordance with the Member's allocable share of such indebtedness and accordingly will reduce the basis in such Member's Units.

The Treasury Regulations employ an economic risk of loss analysis to determine whether a Fund liability is a recourse or nonrecourse liability and to determine the Members' shares of any liability of the Fund. Under the Treasury Regulations, a Fund liability is a recourse liability to the extent that any partner or related person bears the economic risk of loss for that liability. A Member's share of any recourse

liability of the Fund equals the portion, if any, of the economic risk of loss for such liability that is borne by the Member.

A Member bears the economic risk of loss for a Fund liability to the extent that the Member (or a related person) would bear the economic burden of discharging the obligation represented by that liability if the Fund were unable to do so (reduced by any right of reimbursement). In the case of a limited liability company, such as the Fund, a member generally will not bear the economic risk of loss for any Fund liability because the member has no obligation to contribute additional capital to the Fund.

If no Member bears the economic risk of loss for a Fund liability, the liability is a nonrecourse liability of the Fund. An exception to this rule applies in the case of a member (or related person) who makes a nonrecourse loan to the Fund. In such a case, the lending member or related person is considered to bear the economic risk of loss for such liability.

Permanent loans for the Properties are anticipated to be nonrecourse to the Fund. It is anticipated that the lenders' sole recourse will be the Properties and collateral securing the Properties. Although it is expected that there will be typical nonrecourse carve-outs for the loans for which the Fund will be personally liable, Members should be entitled to include in their tax basis their share of the loans if the nonrecourse provisions in the loans are as anticipated. Notwithstanding the above, if a loan is secured by a Property that has been contributed to the Fund by the Manager or an Affiliate, excess nonrecourse liabilities will first be allocated to the contributing party to the extent of such party's built-in gain. If the loans are recourse, Members cannot include the amount of the loans in their adjusted basis and the deductions attributable to the loans will be allocated to the Members that bear the economic risk of loss.

It is possible that a loan may be obtained by the Fund that is recourse to the Manager or its Affiliates. In that event, the Manager, and not the Members, will be allocated the debt applicable to any such loan.

To the extent that a Member's share of Fund Net Loss exceeds the adjusted basis of such Member's Units at the end of the Fund year in which such Net Loss occurs, such excess Net Loss cannot be used in that year by the Member for any purpose, but is allowed as a deduction at the end of the first succeeding Fund taxable year, and subsequent Fund taxable years, to the extent that the adjusted basis of such Member's Units at the end of any such year exceeds zero (before reduction by such excess Net Loss from a prior year).

Treatment of Cash Distributions from the Fund. The Operating Agreement provides for cash distributions resulting from operations of the Fund. Cash distributions (including for federal income tax purposes, a Member's share of any reduction in nonrecourse indebtedness) made to a Member, other than those made in exchange for or in redemption of all or part of a Member's Units, will generally not affect the calculation of a Member's distributive share of Net Income or Net Loss from the Fund. Such distributions are generally first applied against and reduce the Member's adjusted basis in his or her Units. To the extent that such distributions are so applied against and reduce the adjusted basis of the Member's Units, they will not give rise to a realization of income, gain or loss by the Member. Cash distributions in excess of a Member's adjusted basis in his or her Units will result in the recognition of gain to the extent of such excess. Ordinarily, any such recognized gain will be treated as gain from the sale or exchange of a Unit. See "**Treatment of Gain or Loss on Disposition of Units**" below.

Net Income in Excess of Cash Distributions. It is possible that a Member's share of the Fund Net Income may exceed the cash distributed to the Member with respect to his or her Units and such Member's tax liability on that share may even exceed such distribution.

Treatment of Liquidating Distributions. Generally, upon liquidation or termination of the Fund, gain will be recognized by a Member only to the extent that cash is distributed (including the Member's share of any reduction in Fund nonrecourse liabilities) in excess of such Member's adjusted basis in his or her Units at the time of distribution.

Treatment of Gain or Loss on Disposition of Units. It is not expected that any public market will develop for the Units. Furthermore, Members may not be able to liquidate their Units promptly at reasonable prices because any transferee of Units will be required to comply with the minimum purchase requirements and the investor suitability requirements imposed by the transferee's state of residence or by the Fund and because all assignees of Units may be admitted as Substituted Members only with the consent of the Manager.

Any gain or loss realized by a Member upon the sale or exchange of Units will generally be treated as capital gain or loss, provided that such Member is not deemed to be a "dealer" in such securities. However, any portion of the gain that is attributable to unrealized receivables (which includes, for these purposes, depreciation recapture attributable to the Properties) or inventory items will generally be treated as ordinary income. If the Member's holding period for the Units sold or exchanged is more than one year, the portion of any gain realized that is capital gain will be treated as long-term capital gain.

A transferor Member must notify the Fund of a sale or exchange of his or her Units involving unrealized receivables or inventory. Once the Fund is so notified, it must report to the IRS the transferor and the transferee on the sale or exchange. Penalties will apply to the failure by the transferor partner to report to the Fund, and the failure by the Fund to report to the IRS the transferor and the transferee.

In determining the amount realized upon the sale or exchange of Units, a Member must include, among other things, the Member's share of Fund indebtedness. Therefore, it is possible that the gain realized on a Member's sale of Units may exceed the cash proceeds of the sale, and, in some cases, the income taxes payable with respect to the gain realized on the sale may exceed such cash proceeds.

Treatment of Gifts of Units. Generally, no gain or loss is recognized for federal income tax purposes as a result of a gift of property. However, if a gift (including a charitable contribution) of a Unit is made at a time when a Member's share of the Fund's nonrecourse indebtedness exceeds the adjusted basis of his or her Units, such Member may recognize gain for income tax purposes upon the transfer. Such gain, if any, will generally be treated as capital gain except for the portion of any such gain attributable to any unrealized receivables (which includes, for these purposes, depreciation recapture attributable to the Fund property) or inventory items (which will include Properties held for resale) of the Fund, which will generally be treated as ordinary income. Gifts of Units may also be subject to a gift tax imposed pursuant to the rules generally applicable to all gifts of property.

Sale or Other Disposition of Fund Property. In general, if the interests in the Properties constitute capital assets in the hands of the Fund, any profit or loss realized by the Fund on a sale or exchange (except to the extent that such profit represents depreciation recapture taxable as ordinary income) will be treated as capital gain or loss under the Code. Capital gain that is equal to or less than past

depreciation (other than ordinary income recapture) taken on a Property will be taxed to individuals at 25%. Any additional capital gain attributable to property held more than 12 months will generally be taxed to individuals at 20%. If, however, it is determined that the Fund is a “**dealer**” in real estate for federal income tax purposes, the gain or loss will not be capital gain or loss.

If the Fund is deemed a “**dealer**” and the Properties are not considered to be capital assets or Code Section 1231 assets, any gain or loss on the sale or other disposition of the Properties would be treated as ordinary income or loss. It is anticipated that the Fund will hold and acquire the Properties for investment purposes. In the event the Fund holds any Project for resale, it is likely that Fund will be deemed a “**dealer**” with respect to the Properties held for resale and that income derived from the sale of the Properties will be taxed as ordinary income. The question of “**dealer**” status is a question of fact to be determined at the time of the sale of the Properties. Consequently, counsel has expressed no opinion on this issue.

If the assets sold or involuntarily converted constitute Code Section 1231 assets, a Member would combine his or her distributive share of Fund gains or losses attributable to such assets with any other Code Section 1231 gains or losses realized by such Member in that year, and the resultant net Code Section 1231 gains or losses would be taxed as capital gains or constitute ordinary losses, as the case may be. This treatment may be altered depending on each Member’s disposition of Code Section 1231 property over several years. In general, net Code Section 1231 gains are recaptured as ordinary income to the extent of net Code Section 1231 losses in the five preceding taxable years.

In determining the amount realized upon the sale, exchange or other disposition of the Properties, the Fund must include, among other things, the amount of any liability to which the Properties are subject. Furthermore, the Fund may take back purchase money obligations as part of the consideration for the sale of the Properties. The Fund may try to structure any such sale so as to qualify as an “**installment sale**” for federal income tax purposes, but there can be no assurance that any such sale could or would so qualify. Unless such sale qualifies as an “**installment sale**”, the Fund would generally be deemed to have received as proceeds of such sale the fair market value of such purchase money obligations.

Thus, the Fund’s gain on the disposition of any such property may exceed the cash proceeds, if any, of such disposition, and in some cases the income taxes payable by the Members with respect to such gain may exceed the cash proceeds, if any.

Foreclosure. In the event of a foreclosure of a mortgage or deed of trust on Fund property, the Fund would realize gain, if any, in an amount equal to the excess of the outstanding mortgage over the adjusted tax basis of the Property, even though the Fund might realize an economic loss upon such a foreclosure. In the event of a foreclosure relating to recourse debt, it will be treated as a discharge of indebtedness to the extent that the outstanding loan amount is greater than the fair market value of the property of the Fund at the time of foreclosure. The Members could be required to pay income taxes with respect to such gain even though they receive no cash distributions as a result of such foreclosure.

Dissolution. A dissolution of the Fund pursuant to state law prior to expiration of its term should not by itself create tax consequences for the Members unless the dissolution is followed by a liquidation of the Fund. Such dissolution and liquidation might create adverse tax and economic consequences for the Fund. For example, if, as a result of a dissolution, the Fund were required to liquidate the Fund’s property during a limited period of time, the Fund might sustain substantial economic losses based on the original cost of the Property. Nevertheless, the Fund might realize substantial taxable gain on such disposition as

a result of the use of borrowing in connection with acquisition of the Fund property. See “**Sale or Other Disposition of Fund Property**” above.

Tax Elections. The Fund may make certain elections for federal income tax reporting purposes that could result in various items of Fund income, gain, loss, deduction and credit being treated differently for tax and Fund purposes than for accounting purposes.

The Code provides for optional adjustments to the basis of Fund property for purposes of measuring both depreciation and gain upon distributions of Fund property (Code Section 734) and transfers of Units (Code Section 743) provided that a Fund may make an election pursuant to Code Section 754. The general effect of such an election would be that transferees of Units are treated, for purposes of computing depreciation and gain, as though they had acquired a direct interest in the Fund assets, and the Fund is treated for such purposes, upon certain distributions to partners, as though it had newly acquired an interest in the Fund assets and therefore acquired a new cost basis for such assets. Any such election, once made, is irrevocable without the consent of the IRS.

As a result of the complexities and added expense of the tax accounting required to implement such an election, the Manager does not presently intend to make such an election, although it is empowered to do so by the Operating Agreement. Therefore, any benefits that might be available to the Members by reason of such an adjustment to basis will be foreclosed. In addition, a Member may have greater difficulty selling Units because the purchaser will obtain no current tax benefits from the investment to the extent that such investment exceeds his or her allocable share of the Fund’s basis in its assets and will be required to recognize taxable income to the extent of such excess, even though the purchaser does not realize any economic profit.

Accrual Method of Accounting. Code Section 461(a) provides that the amount of any deduction allowed under the Code will be taken for the taxable year that is the proper taxable year under the method of accounting used in computing taxable income. The Fund, subject to Code Section 446(b), which provides the IRS with authority to require the use of an accounting method that clearly reflects income, is required to use the accrual method of accounting pursuant to Code Section 448. The Fund will use the accrual method of accounting in calculating its income. In general, an accrual-basis taxpayer may deduct an expense in the year that his or her obligation for the payment is absolutely fixed and the amount thereof can be determined with reasonable accuracy. The liability must also be binding and enforceable, and there must be reasonable belief on the part of the debtor that the liability will be paid and there must be economic performance of the particular item or transaction underlying the liability and deduction. If the liability arises out of another person’s providing services to the Fund, economic performance occurs as the services are provided. If the liability arises out of another person’s providing property to the Fund, economic performance occurs as the property is provided. If the liability arises out of the Fund’s use of property, economic performance occurs as the Fund uses the property. If the liability requires the Fund to provide property or services, economic performance occurs as the Fund provides the property or services. If the IRS determines that the accounting method used by the Fund does not clearly reflect income, the income of the Fund, and consequently the Members, could be substantially and adversely impacted.

The Fund will not be able to change its method of accounting in the future without the consent of the IRS, unless the Fund qualifies as a small-business taxpayer exemption. If the Fund does not qualify for the small-business taxpayer exemption, the IRS can withhold its permission and, even if it granted

permission for a change in accounting method, the IRS may require conditions and adjustments to the Fund's income that could be disadvantageous to the Members.

Deductibility of Interest. Interest will accrue and be payable on loans used to acquire, and that are secured by, the Properties. The deduction of such interest is limited by the rules limiting the deductibility of passive losses discussed above. The Tax Cuts and Jobs Act ("TCJA"), revised Code Section 163(j) to create a new limitation on the deductibility of "**business interest**" for both individuals and corporations. The deduction for interest is now limited to the business interest income of the taxpayer, 30% of its "**adjusted taxable income**", and the partnerships floor plan financing interest expense. This limitation applies to interest on existing debt, as well as interest deductions that were suspended previously.

Adjustable taxable income will be reduced by depreciation and amortization, capital loss carrybacks or carryovers, and deductions or losses from a non-expected trade or business. Any excess business interest (i.e., not deductible due to this limitation) may be carried forward indefinitely. A "**real property trade or business**" may elect out of the 30% deductibility limitation, but then must depreciate its non-residential real property, residential rental property, and qualified improvement property over longer periods under the alternative depreciation system ("ADS") rather than the general depreciation system ("MACRS"). Further, the new 100% bonus depreciation deduction generally will not be available to taxpayers that make the election to not be subject to the interest deduction limitation rules. The Fund will make such election on a property by property basis and therefore interest expense deductions can be limited.

Fund Tax Returns. The federal income tax returns of the Fund may be audited by the IRS or local taxing authority to which the tax returns have been filed and such an audit may result in adjustments to the various items reported by the Fund. For example, various deductions claimed by the Fund on its returns of income could be disallowed in whole or in part on audit, thereby resulting in an increase in the Net Income or a reduction in the Net Loss of the Fund. The disallowance of such deductions in whole or in part could increase a Member's taxable income without the receipt of any additional cash distributions from the Fund.

The IRS has shifted the focus of its audits from the partner level to the Fund level. Members may be bound by actions taken by the Manager at the Fund level during the course of an audit.

Payments to the Manager and its Affiliates. The Manager and its Affiliates will receive various fees described elsewhere in this Memorandum. The tax treatment of the significant fees is set forth below.

The Fund will pay certain Offering expenses. The Manager will treat certain expenses of the Offering as nonamortizable syndication costs, and these costs will be capitalized and amortized over 180 months. These costs consist of Selling Commissions and Expenses and certain Organization and Offering Expenses.

The Fund will reimburse the Manager for actual costs incurred in furnishing certain administrative services and facilities to the Fund, including accounting, data processing, duplication, transfer agent expenses, professional fees, recording, communication expenses and certain acquisition expenses of the Property. The allocation of such costs between deductible expenses and nondeductible expenses will

depend upon a determination to be made when such costs are actually incurred in the future, and counsel has expressed no opinion on the deductibility of such costs.

The Acquisition Fees will be added to the cost of the Properties.

The Property Management Fees and Asset Management Fees should be deductible as an ordinary and necessary business expense to the extent that the fees represent an ordinary and necessary expense and do not exceed the reasonable value of the services for which they are paid. Because the determination of whether these fees qualify as ordinary and necessary business expenses is inherently factual, there is no assurance that this determination may not be challenged by the IRS or that this determination would be upheld if challenged by the IRS.

Leasing commissions will be amortized over the life of the applicable lease.

Construction Management Fees will be amortized over the life of the applicable lease or the useful life of the improvement.

Financing Fees (whether or not paid to Affiliates of the Manager) will be amortized over the term of the applicable loan.

Sales Brokerage Fees (whether or not paid to Affiliates of the Manager) will be treated as a reduction to the sales price of the property sold.

In addition, there are additional limits on the deductibility of payments between related parties. No deduction is allowed for a payment by an accrual basis taxpayer to a related cash basis recipient until such time as the recipient includes the payment in income. The definition of related party for purposes of this provision includes a partnership and any partner in the partnership. The Fund will be on the accrual method of accounting. Therefore, if the Fund accrues liabilities to related parties that are on the cash basis, no deduction will be allowed until payment to the related party is actually made.

Pre-Opening and Syndication Expenses

The IRS takes the position that, with the exception of costs relating to deductions under Code Sections 163 (interest), 164 (taxes), and 165 (losses), all costs incurred by a company before it begins operations should be capitalized under Code Section 263.

Regulations under Code Section 195 deem a taxpayer to have made an election to deduct, for the taxable year in which an active trade or business begins, an amount equal to the lesser of start-up expenses or \$5,000. A start-up expenditure eligible for such deduction must be paid or incurred in connection with investigating the creation or acquisition of an active trade or business or paid or incurred in connection with creating an active trade or business. The \$5,000 amount is reduced (but not below zero) by the amount by which the start-up expenditures exceed \$50,000. The remaining start-up expenditures are amortized over 180 months beginning with the month in which the active trade or business begins. Such amounts must also be of a type which, if paid or incurred in connection with the expansion to an existing trade or business in the same field, would be allowable as a current deduction in the year paid or incurred. In the case of the Fund, the eligibility for the election to amortize is made at the Fund level.

Syndication expenses, however, may not be deducted currently nor amortized. The determination as to whether expenses are start-up organization expenses or syndication expenses is a factual determination which will initially be made by the Fund. The IRS could challenge the Fund's allocations between organization and syndication expenses. Consequently, expenses that are treated as subject to amortization could be recharacterized as nondeductible syndication expenses.

Depreciation and Cost Recovery

Current federal income tax law permits the Fund, as an owner of improved real property, to take depreciation deductions based on the entire cost of the depreciable improvements, even though such improvements are financed in part with borrowed funds. If, however, the purchase price of the Fund property and the nonrecourse liabilities to which the Property is subject are in excess of the fair market value of the Property, the Fund will not be entitled to take depreciation deductions to the extent that deductions are derived from such excess. With the exception of multi-family residential rental Properties, the Properties will be depreciated on a straight-line method over 39 years, using the mid-month convention. Any Properties that are multi-family residential rental properties will be depreciated on a straight line method over 27.5 years, using the mid-month convention. Under the mid-month convention, property is treated as placed in service during the mid-point of the month.

Depreciation deductions can only be claimed for that portion of real property that is depreciable. Because land is not depreciable, an allocation must be made between the value of improvements on real estate and the underlying land. Depreciation will not be available with respect to any Property before it is placed in service or with respect to inventory or property held for resale. The allocation of purchase price between depreciable and nondepreciable items is a question of fact, and if the amount allocated by the Fund to depreciable items is decreased and the amount allocated to nondepreciable items such as land is increased, Fund losses for federal income tax purposes will be decreased. Because the allocation of purchase price between buildings and land is a question of fact, counsel is unable to express an opinion regarding the Fund's allocation of purchase price among land and buildings constituting the Properties.

It is anticipated that some of the Properties, or portions thereof, will be contributed to the Fund by the Manager and its Affiliates. Any such contributed property will have a carry-over basis equal to the basis in the hands of the contributing party. Thus, the amount of depreciation able to be taken by the Fund with respect to such contributed property could be decreased.

The TCJA allows for new depreciation rules for certain qualified property. For a property placed in service in tax years beginning after December 31, 2017, the maximum amount a taxpayer may expense under IRC 179 is increased to \$1 million, and the phase-out threshold amount for taxpayers with too much income is increased to \$2.5 million. Second, the Tax Act allows taxpayers to claim a 100 percent first-year bonus deduction for the cost of Qualified Improvement Property (defined below) acquired and placed in service after September 27, 2017 and before January 1, 2023. For tax years beginning after 2018, these amounts are indexed for inflation. "**Qualified Improvement Property**" is defined as any improvement to an interior portion of a building that is nonresidential real property, excluding any improvement for which the expenditure is attributable to the enlargement of the building, any elevator or escalator, or the internal structural framework of the building. Thus, Qualified Improvement Property placed in service after December 31, 2017 is generally depreciable over 15 years using the straight-line method. Section 199A.

The TCJA enacted section 199A, which provides for a new deduction of up to 20 percent of qualified domestic business income (“QBI”) for pass through entities such as sole-proprietorships, partnerships, S-corporations, trusts, or estates. For any tax year, QBI is the net amount of items of income, gain, deduction, and loss with respect to any qualified business of the taxpayer. Qualified items of income, gain deduction, and loss include such items that are effectively connected with the conduct of a U.S. trade or business and are included in determining the business's taxable income for the tax year. A qualified business specifically excludes service trade or business including, health, law, accounting, performing acts, consulting, financial services, and broker services. It is anticipated that the Funds’ business will be a qualified business for the 199A deduction.

Certain investment items are excepted from QBI, including short-term and long-term capital gains and losses, dividends, and interest income not properly allocable to a trade or business. QBI also does not include reasonable compensation payments to a taxpayer for services rendered to a qualified business, guaranteed payments to a partner for services rendered to a business, and, to the extent provided in regulations, a Sec. 707(a), payment to a partner for services rendered to the business (Sec. 199A(c)). A taxpayer's QBI deduction is limited to 20% of the taxpayer's taxable income in excess of any net capital gain. The combined QBI amount is the sum of the deductible QBI amounts for each of the taxpayer's qualified businesses. The deductible QBI amount of a qualified business is generally 20% of its QBI, but the deductible QBI amount may be limited (1) by a wage and capital limitation and/or (2) when the business is a specified service trade or business. The calculation of a Member’s Sec. 199A deduction depends on whether the taxpayer's taxable income is (1) below a lower taxable income threshold (\$157,500, or \$315,000 if filing a joint return), (2) above a higher taxable income threshold (\$207,500, or \$415,000 if filing a joint return), or (3) between the lower and higher taxable income thresholds.

If a Member has taxable income above the higher taxable income threshold and owns a business that is not a specified service trade or business, the QBI deductible amount for the business is subject to a limitation based on W-2 wages and/or capital (capital here is measured as the unadjusted basis of certain business assets) (Sec. 199A(b)(2)(B)). The deductible QBI amount for the business is equal to the lesser of (1) 20% of the business's QBI, or (2) the greater of: (a) 50% of the W-2 wages for the business, or (b) 25% of the W-2 wages plus 2.5% of the business's unadjusted basis in all qualified property.

For partners in a partnership, the determination of QBI and any limitations on the deduction apply at the partner level. To the extent a Member claims the 199A deduction, the information needed for computing the deduction is determined by the Fund. The Fund must report the information to the Member to compute the deduction on the K-1 received from the Fund.

Tax-Exempt Use Property

Units may be purchased by both tax-exempt entities and entities not exempt from taxation. Code Section 168(h)(6) provides that in certain instances where a partnership has as partners both tax-exempt entities and persons or entities not exempt from taxation, a portion of the property owned by the Fund will be deemed tax-exempt use property and will be required to be depreciated over the greater of 40 years or 125% of any long-term lease. Under Code Section 168(h)(6), unless the Fund’s allocation of Fund tax items is determined to be a qualified allocation, any property owned by the Fund will be deemed to be tax-exempt use property to the extent of the tax-exempt entities’ proportionate share of the Fund. One of the requirements to have a qualified allocation is that the allocations of Fund tax items must have substantial economic effect under Code Section 704(b)(2). Counsel has expressed no opinion as to

whether a portion of Fund Property must be depreciated over 40 years. If a portion of a Property is required to be depreciated over 40 years, depreciation deductions to all Members will be decreased accordingly.

Investment By Qualified Plans and IRAs - Unrelated Business Taxable Income

Qualified Plans (i.e., any pension, profit sharing or stock bonus plan that is qualified under Code Section 401(a), but excluding individual retirement accounts), individual retirement accounts (“**IRAs**”) and certain other tax-exempt entities (“**Tax-Exempt Entities**”), although generally exempt from federal income taxation under Code Section 501(a), nevertheless are subject to tax to the extent that their unrelated business taxable income (“**UBTI**”) exceeds \$1,000 during any tax year. Generally, an allocation of income from property that is “**debt financed property**” will result in UBTI. Debt financed property is generally defined to mean any property as to which there is “**acquisition indebtedness**”. The Fund will generate UBTI as a result of debt financing and in the event the Fund acquires Properties for resale. The Fund may also generate UBTI as a result of income from other activities engaged in by the Fund. Counsel has expressed no opinion on whether, or to what extent, Fund income will be considered UBTI.

Qualified Plans (but not IRAs or Tax-Exempt Entities) and certain educational institutions may, under a special rule set forth in Code Section 514(c)(9), avoid the characterization of their distributive share of income from debt financed real estate (but not Properties acquired for resale) of a partnership as UBTI unless any of the following factors apply: (1) the price for the acquisition or improvement of the real property is not a fixed amount determined as of the date of the acquisition or the completion of the improvements; (2) the amount of indebtedness or any other amount payable with respect to such indebtedness, or the time for making any payments of any such amount, is dependent, in whole or in part, upon any revenue, income, or profits derived from such real property; (3) the real property is at any time after its acquisition leased to the person selling such property or certain persons related to the seller; (4) the real property is acquired from, or is at any time after the acquisition leased to, certain related persons; (5) any person described in clause (3) or (4) provides financing in connection with the acquisition or improvements; or (6) none of the following is true: (a) all of the partners are “**qualified organizations**”; (b) each allocation to a partner that is a qualified organization is a “**qualified allocation**”; or (c) the “**fractions rule**” in Code Section 514(c)(9)(E) is met. There is uncertainty regarding the application of the “**fractions rule**”. The Manager has tried to comply with the “**fractions rule**” under Code Section 514(c)(9) and believes the Fund complies with the “**fractions rule**”. If a Qualified Plan purchases Units at a discount pursuant to the Operating Agreement, the “**fractions rule**” will not be complied with and the Code Section 514(c)(9) exception will not be available. Further, certain of the factors listed above may apply to the Fund’s acquisition of Property and in such case, the 514(c)(9) exception to UBTI will not be available. It is likely that sales of any Properties held for resale will cause the Fund to be treated as a dealer in real estate for federal income tax purposes with respect to such sales, and income attributable to such sales will be treated as UBTI.

If the receipt of UBTI from the Fund will have an adverse impact on an investor, such investor should consult his or her own tax consultant before investing in the Fund. If a Qualified Plan’s, IRA’s or Tax-Exempt Entity’s share of the UBTI from the Fund and other investments exceeds \$1,000 during any tax year, the Qualified Plan, IRA or Tax-Exempt Entity will be required to pay taxes on such UBTI. Whether a Qualified Plan’s, IRA’s or Tax-Exempt Entity’s UBTI will exceed this \$1,000 exclusion in any year will depend upon whether or to what extent the Fund qualifies for the exception, the actual operations of the Fund, the size of the Qualified Plan’s, IRA’s or Tax-Exempt Entity’s investment in the Fund, the taxable income of the Fund and the amount of such Qualified Plan’s, IRA’s or Tax-Exempt Entity’s UBTI

from other investments. An allocable portion of the Fund's income directly associated with debt financed property reduced by an allocable portion of deductions (computing depreciation on a straight-line basis) directly associated with such debt financed property will be treated as UBTI (subject to the exception set forth above). The allocable portion of income and deductions will be equal to the ratio of indebtedness on such properties outstanding from time to time to the basis in such properties as adjusted from time to time. When the Fund disposes of a debt financed property, a Qualified Plan (subject to the exception set forth above), IRA or Tax-Exempt Entity may be required to recognize an allocable portion of the gain as UBTI based on the ratio between the indebtedness as of the date of sale and the basis of such property.

The portion of the Fund income that is not deemed to be UBTI will continue to be exempt for a Qualified Plan, IRA or Tax-Exempt Entity even if a portion of the Fund's income is deemed to be UBTI. For further details on the application of UBTI, Qualified Plan, IRA or Tax-Exempt Entity investors are urged to consult their tax advisors.

For certain other tax-exempt entities, such as charitable remainder trusts and charitable remainder unitrusts (as defined in Code Section 664), the receipt of any UBTI may have extremely adverse tax consequences. For example, if such a trust or unitrust received any UBTI during a taxable year, a tax equal to 100% of such UBTI will be imposed.

In considering an investment in the Fund of a portion of the assets of a qualified plan, a fiduciary should consider the factors discussed in "**Investment By Qualified Plans and IRAs**".

General Considerations

At-Risk Rules. A Member that is an individual or closely held corporation will be unable to deduct his or her distributive share of Fund Net Loss, if any, to the extent such Net Loss exceeds the amount such Member has "**at risk**". A Member's initial amount at risk will equal the sum of: (i) the amount of money invested by the Member in the Fund, (ii) the basis of any property contributed by such Member to the Fund, and (iii) the amount of borrowed funds used in Fund activities to the extent that the Member is personally liable with respect to such indebtedness.

A Member can include in the amount at risk such Member's share of qualified nonrecourse financing if the Fund holds real property. It is anticipated that the loans will be considered qualified nonrecourse financing and therefore the Members should be considered "**at risk**" for the Member's share of the loans. However, if the actual terms are not as anticipated, the Members may not be able to use the loans in their "**at risk**" basis.

A Member's amount at risk will be reduced by the amount of any cash distributed to such Member and the amount of Net Loss allocated to such Member, and will be increased by the amount of Net Income allocated to such Member. Net Loss not allowed under the at-risk rules may be carried forward to subsequent taxable years and used when the amount at risk increases.

Alternative Minimum Tax. Taxpayers may be subject to the alternative minimum tax in addition to the regular income tax.

For more information concerning tax preferences and the alternative minimum tax, you should consult your own tax advisors.

Activities Not Engaged in for Profit. Under Code Section 183, certain losses from activities not engaged in for profit are not allowed as deductions from other income. The determination of whether an activity is engaged in for profit is based on all the facts and circumstances, and no one factor is determinative, although the Treasury Regulations indicate that an expectation of profit from the disposition of property will qualify as a profit motive. Code Section 183 contains a presumption that an activity is engaged in for profit if income exceeds deductions in at least 3 out of 5 consecutive years. There can be no assurance that the Fund will be found to be engaged in an activity for profit due to the fact that the applicable test is based on the facts and circumstances existing from time to time.

The IRS is paying increased attention to the application of Code Section 183 to partnerships. Moreover, the Tax Court has accepted the argument by the IRS that Code Section 183 applies to the activities of a Fund (rather than the partner) and that the provisions of Code Section 183 are applied at the Fund level. The Fund intends to conduct all operations in a businesslike manner in order to generate a profit from operations and sale of the Properties. In the event Code Section 183 were applied with respect to the Units of a Member, a substantial portion of the tax benefits associated with this Offering would be eliminated.

Based on the Fund's objectives, the Manager's representations regarding the Fund's business motives and counsel's review of the proposed activities of the Fund, although the issue is basically factual, in counsel's opinion, it is more likely than not that, if litigated, the Fund will be held to be engaged in a business for profit and not be subject to Code Section 183.

General Limitations on the Deductibility of Interest. In addition to the limitations on the deductibility of interest incurred in connection with passive activities, the following are additional restrictions on the deductibility of interest:

Prepaid Interest. The Fund does not anticipate prepaying any interest, but the Fund anticipates that it will pay certain amounts commonly referred to as "**points**", which may be considered prepayments of interest for federal income tax purposes. Interest prepayments (including "**points**") must be capitalized and amortized over the life of the loans with respect to which they are paid. See also "**Tax Consequences Regarding the Fund – Accrual Method of Accounting**" above.

Capitalized Interest. Interest on debt incurred to finance construction of real property is not currently deductible and must be capitalized as part of the cost of the real property. Interest incurred on other debts of the Fund will be limited by the rules concerning the deductibility of passive losses, discussed above. See "**Tax Consequences Regarding the Fund – Limitations on Losses and Credits from Passive Activities**" above.

Interest Incurred to Carry Tax-Exempt Obligations. Code Section 265(a)(2) disallows any deductions for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of purchasing or carrying tax-exempt obligations (collectively, "**Tax-Exempt Obligations**"). The IRS announced in Revenue Procedure 72-18, 1972-1 C.B. 740, that the prescribed purpose will be deemed to exist with respect to indebtedness incurred to finance a "**portfolio investment**". The Revenue Procedure further states that while a partnership's purpose in incurring indebtedness will be attributed to its manager, a partnership interest will be considered a "**portfolio investment**". Therefore, in the case of a Member owning Tax-Exempt Obligations, the IRS might take the position that the Member's allocable portion of the interest incurred by the Fund on its borrowings or of any interest incurred by the Member to purchase

his or her Units in the Fund should be viewed as incurred to enable the Member to continue to carry Tax-Exempt Obligations, and that such Member should not be allowed to deduct his or her full allocable share of such interest. The application of Code Section 265(a)(2) turns upon each individual Member's purpose for acquiring an interest in the Fund. Thus, Code Section 265(a)(2) might be applied to a Member whose purpose for investing in the Fund rather than in a non-leveraged investment is to enable such Member to continue to carry Tax-Exempt Obligations. It should be noted that Code Section 7701(f) directs the IRS to prescribe regulations as may be necessary or appropriate to prevent the avoidance of provisions of the Code that deal with the linking of borrowing to investments through the use of related persons, pass-through entities or other intermediaries. Therefore, the provisions of Code Section 265(a)(2) may be applied to a Member if the Member does not himself own Tax-Exempt Obligations but rather such obligations are owned by a person, entity or other intermediary related to the Member.

Excess Business Losses

The TCJA amended section 461 to include a provision that disallows "excess business losses" for taxpayers from a pass-through entity. "**Excess business losses**" means an overall loss in excess of \$500,000 for married individuals filing jointly or \$250,000 for other individuals. Any excess business loss is treated as a net operating loss ("NOL") and carried forward to subsequent years. The Excess Business Loss ("EBL") rule is applied after the application of the passive loss rules. An individual member of the Fund would need to consider the various loss disallowance rules in the following order of priority:

- (i) Limitations based on the taxpayer's tax basis in the entity;
- (ii) At-risk limitation;
- (iii) Passive activity loss limitation; and
- (iv) EBL limitation.

Accuracy-Related Penalties and Interest

All penalties relating to the accuracy of tax returns are now consolidated into a single accuracy-related penalty equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement that is attributable to: (i) negligence or disregard of rules or regulations, (ii) any substantial understatement of income tax, or (iii) any substantial valuation misstatement.

Negligence is generally any failure to make a reasonable attempt to comply with the provisions of the Code and the term "**disregard**" includes careless, reckless or intentional disregard. Counsel for the Fund is rendering an opinion with respect to the treatment of the Units for income tax purposes. However, the opinion is not intended to be used by any taxpayer to avoid penalties, and may not be relied upon by the investors in Units to avoid penalties. Each investor should consult with his or her own independent tax advisor.

A substantial understatement of income tax generally occurs if the amount of the understatement for the taxable year exceeds the greater of: (i) 10% of the tax required to be shown on the return for the taxable year or (ii) \$5,000. In the case of a C corporation, the amount is \$10,000.

A substantial valuation misstatement occurs if the value of any property (or the adjusted basis) is 150% or more of the amount determined to be the correct valuation or adjusted basis. The penalty doubles

if the property's valuation is misstated by 200% or more. No penalty will be imposed unless the underpayment attributable to the substantial valuation misstatement exceeds \$5,000.

Except with respect to “**tax shelters**”, an accuracy-related penalty will not be imposed on an underpayment attributable to negligence, a substantial understatement of income tax or a substantial valuation misstatement if it is shown that there was a reasonable cause for the underpayment and that the taxpayer acted in good faith. A “**tax shelter**” includes a partnership if a significant purpose of the partnership is the avoidance or evasion of tax.

In addition to the penalties described above, a new penalty has recently been added with respect to understatements resulting from listed or reportable transactions. A reportable transaction is a transaction that the IRS has identified as having the potential for tax avoidance or evasion. A listed transaction is a reportable transaction which the IRS has specifically identified as a tax avoidance transaction. The penalty is equal to 20% of the portion of the underpayment to which the penalty applies if the taxpayer disclosed the understatement and 30% of the portion of the underpayment to which the penalty applies if the taxpayer did not disclose the understatement. A taxpayer may avoid the payment of the penalty if: (i) there was reasonable cause for the understatement and the taxpayer acted in good faith, (ii) the relevant facts affecting the taxpayer's tax treatment were adequately disclosed, (iii) there is, or was, substantial authority for the taxpayer's treatment of the item, and (iv) the taxpayer reasonably believed that the treatment of the items on the return was more likely than not proper. A taxpayer may not rely on the opinion from a disqualified advisor. A disqualified advisor is an advisor that participated in the preparation of documents that: (1) establish a partnership, (2) describe the transaction or (3) relate to registration of the transaction with any government body. The opinion received by the Fund was given by a disqualified advisor and such opinion was not intended to be used by any taxpayer to avoid tax penalties. As a result, investors in Units will not be allowed to rely on such opinion in the event such penalty applies. In addition, in the event the Units are determined to be a reportable transaction, and the taxpayer fails to include information regarding such reportable transaction, the taxpayer will be subject to a penalty in the amount of \$10,000 if the taxpayer is an individual and \$50,000 in any other case. In the event the Units are determined to be a listed transaction, the penalty increases to \$100,000 in the case of an individual and \$200,000 in any other case.

The tax opinion being issued to the Manager with respect to the Units was prepared by a disqualified tax advisor. As a result, the Members may not rely on such opinion to avoid the payment of penalties.

Health Care and Affordability Reconciliation Act of 2010

A taxpayer who is an individual will be assessed an additional tax equal to 3.8% of the lesser of: (a) the taxpayer's “**net investment income**” for the taxable year, or (b) the excess of (x) the taxpayer's modified adjusted gross income for the taxable year over (y) (1) for a taxpayer filing jointly with a spouse (or for a surviving spouse), \$250,000, or (2) for married taxpayer filing a separate return, \$125,000, or (3) in any other case, \$200,000. For purposes of the additional tax, “**net investment income**” includes, among other things: (i) net income in the form of interest from dividends, annuities, royalties and rents that do not arise in the ordinary course of a trade or business (but including net income from a trade or business that is a passive activity with respect to the taxpayer or a trade or business of trading in financial instruments or commodities); and (ii) net gains (to the extent taken into account in computing taxable income) on the disposition of property other than property held in a trade or business (but including net

gains realized on the disposition of property held a trade or business that is a passive activity with respect to the taxpayer or a trade or business of trading in financial instruments or commodities).

Carried Interests

A three-year holding is required for long term capital gain treatment for gain attributable to an applicable partnership interest commonly referred to as “**carried interests**”. The Tax Act applies to gain allocated to a partner with respect to an applicable partnership interest to the extent attributable to sales of assets held by a partnership for three years or less.

An “**applicable partnership interest**” generally is an interest in a partnership (including a limited liability company taxed as a partnership) transferred to the taxpayer in connection with the performance of substantial services by the taxpayer in an “applicable trade or business”. Most likely, this would not apply to any Member who does not receives a membership interest in the Fund in excess of their capital contribution. However, this could apply to the Manager, its affiliates, and its principals.

Real estate held for rental or investment is included as part of the definition for an applicable trade or business. Although rental real estate is included in the definition of “**applicable trade or business**”, there may be some uncertainty (which may be subsequently clarified or corrected) as to whether or not the Tax Act applies to gain attributable to depreciable assets or real property used in a trade or business.

To the extent these carried interest provisions apply to the Manager and its principals, then it may encourage them to retain the partnership or membership interests acquired by the Fund in a Property for at least three years in order to receive capital gains for their carried interests.

These carried interest provisions do not generally alter the business plan for the Fund since it is anticipated, but not guaranteed, that an investment in a particular Property would generally be acquired to hold that investment for three years or more years. To the extent the Manager receives an offer to purchase a Property prior to the expiration of this three year holding period, then this could create a conflict of interest for the Manager since, if the applicable Property were sold prior to the expiration of this three year holding period, they might not be able to obtain capital gains treatment as to their carried interest. Alternatively, the sale of one of the Properties, based on the distribution formula for the Fund, may not produce any carried interest distributions to the Manager and its principal, thereby potentially negating any such potential conflict of interest.

State and Local Taxes

In addition to the federal income tax consequences described above, investors should consider the state tax consequences of an investment in the Fund. A Member’s distributive share of the taxable income or loss of the Fund generally will be required to be included in determining the Member’s reportable income for state and local tax purposes. It is anticipated that the Properties will be located in various states. Consequently, Members may generate state source income from multiple states. In such case, the Members will be required to file a state income tax return and pay income tax in the states where the real estate is located. Further, the Fund may be required to withhold distributions of certain Net Income to non-residents of certain states.

United States Income Tax Considerations For Foreign Investors

The federal income tax treatment applicable to a nonresident alien or foreign corporation investing in the Fund is highly complex and will vary depending on the particular circumstances of such investor and the effect of any applicable income tax treaties. Each foreign investor should consult his or her own tax advisor as to the advisability of investing in the Fund. The federal income tax treatment will generally depend on whether the Fund is deemed to be engaged in a United States trade or business. This determination must be made annually. The Code does not define what constitutes a United States trade or business; rather, this determination is based upon an examination of the facts and circumstances attending the Fund's operations and activities. The question of whether the Fund will be engaged in a trade or business is a question of fact. Consequently, counsel has expressed no opinion on this issue.

United States Withholding Tax on United States Source Income Not Derived in a United States Trade or Business. If the Fund is not engaged in any trade or business during a tax year, a foreign investor would be subject to a 30% withholding tax (subject to reduction or elimination by applicable income tax treaties) with respect to its distributive share of certain items of Fund gross income, such as United States source interest, dividends, rents and other portfolio or investment income. Various statutory exemptions from the 30% withholding tax (or a lower treaty rate) apply to interest income from bank deposits and certain portfolio indebtedness and the 30% withholding tax may be reduced by income tax treaties. A foreign investor who is entitled to income tax treaty benefits may claim such benefits by executing and filing with the Fund an initial Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) in a timely manner. In such instance, the Fund will require that a foreign investor properly execute and provide to the Fund a Form 2848 (Power of Attorney and Declaration of Representative), which will enable the Fund to complete Form W-8BEN for future years on behalf of the foreign investor. If a foreign investor claims a reduction in the 30% withholding tax in reliance on an income tax treaty, the investor may be required to disclose the claimed reduction in its United States income tax return or, if no return is filed, on Form 8833 (Treaty-Based Return Position Disclosure Under Code Section 6114 or 7701(b)).

If the foreign investor's share of Fund capital gain is not effectively connected with the foreign investor's conduct of a United States trade or business and the foreign investor, in the case of an individual, is not physically present in the United States for 183 days or more during a taxable year, the capital gain will not be subject to United States tax. However, if the capital gain is attributable to a sale or disposition of United States real property, the gain will be treated as effectively connected with a United States trade or business. See "**Withholding on Dispositions of United States Real Property Interests**" below. If the foreign investor's share of Fund capital gain is United States source income and is derived by an individual foreign investor who is physically present in the United States for an aggregate of 183 days or more during a taxable year, the gain, net of United States source capital losses, will be subject to a flat 30% withholding tax (subject to reduction or elimination by an applicable income tax treaty).

Tax Consequences to Foreign Investors if the Fund is Engaged in a United States Trade or Business. If in any year the Fund is deemed to be engaged in a United States trade or business, a foreign investor will also be considered to be engaged in a United States trade or business. Thus, the investor would be required to file a United States federal income tax return and would be subject to tax at graduated rates on its distributive share of net income from the Fund that was "**effectively connected**" with such trade or business. In determining the investor's United States taxable income, the investor would be permitted the same deductions allowed a United States resident individual or corporation to the extent the

deductions are effectively connected with a United States trade or business. However, a prerequisite to receiving the benefit of deductions is the filing of a true and accurate United States income tax return. Any Fund losses that are not effectively connected with a United States trade or business would not be deductible from the investor's United States source income. Additionally, foreign investors may be subject to federal and state estate, inheritance or gift taxes, state and local income taxes and to the alternative minimum tax.

If a foreign investor is subject to United States income tax on its distributive share of Fund income at regular United States rates and is required to file United States income tax returns, such foreign investor's share of Fund taxable income is not subject to the 30% withholding tax discussed above, provided the foreign investor completes and files in duplicate with the Fund Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States). This form must be filed with the Fund before the acceptance by the Fund of the subscription of such foreign investor and annually thereafter for each year in which the foreign investor is a Member.

If the Fund has "**effectively connected**" income that is allocable to a foreign investor, then the Fund must pay a federal withholding tax, presently equal to 30%, and any applicable state withholding of the adjusted "**effectively connected**" taxable income that is allocable to that foreign investor.

If a foreign Member has filed a Form W-8ECI to claim exemption from the 30% withholding, that Member is deemed to have "**effectively connected**" income subject to withholding. The Fund must make installment payments of withholding tax based on the amount of effectively connected income allocable to its foreign Members, without regard to whether distributions are made during the Fund's taxable year and the foreign Members' distributive share of the Fund's tax credits. The foreign Member's share of any withholding tax paid by the Fund will be treated as distributed to that Member on the earlier of the day on which the tax is paid by the Fund or the last day of the Fund's tax year for which the tax is paid and will reduce the foreign Member's adjusted basis in his or her Units. Amounts paid by the Fund will be treated as loans by the Fund to the foreign Member and will be subject to an interest charge equal to the Prime Rate. The amount of the loan and interest charge will be offset against the foreign Member's share of cash distributions. Withholding is not required on any amount subject to the 30% withholding discussed earlier. The amount withheld attributable to a foreign Member is creditable against the United States income tax liability of that foreign Member subject to certain limitations. Withholding is not required with respect to a particular Member if that Member provides a valid Form W-9, "**Request for Taxpayer Identification Number and Certification**".

For tax treaty purposes, a foreign Member may be deemed to have a "**permanent establishment**" in the United States for any year in which the Fund is engaged in a United States trade or business.

Withholding on Dispositions of United States Real Property Interests. Under the Foreign Investment in Real Property Tax Act ("**FIRPTA**"), nonresident aliens and foreign corporations are subject to withholding on dispositions of United States real property interests. For this purpose, United States real property owned by the Fund will be treated as held proportionately by its Members. Therefore, a foreign Member may be subject to withholding when such Member sells or exchanges his or her Units to a United States person. The Fund is required to deduct and withhold from any cash distribution an amount presently equal to 30% for United States tax purposes and any state applicable state withholding to the extent the cash distribution is attributable to gain from the sale of a United States real property that is allocable to a

foreign Member. The Fund is required to deduct and withhold from any cash distribution an amount equal to 15% for United States tax purposes and any applicable state taxes to the extent the distribution is attributable to gain from the sale of a United States real property that is allocable to a foreign Member that is an individual. If the gain is effectively connected with a United States trade or business and the Fund makes installment payments of withholding tax, the Fund is not required to withhold tax on cash distributions. See “**Tax Consequences to Foreign Investors if the Fund is Engaged in a United States Trade or Business**” above. If the Fund distributes a United States real property interest to a Foreign Member, it is required to withhold 15% of the fair market value of the interest for federal income tax purposes and any applicable state withholding.

Miscellaneous Considerations. Foreign corporate investors should also be aware that if the Fund is deemed to be engaged in a United States trade or business, the United States Branch Profit Tax may apply to income from the Fund to the extent the Fund has income effectively connected with a United States trade or business.

In determining the advisability of an investment in the Fund, foreign investors should consult their own tax advisors concerning: (i) whether they will be treated as being engaged in a United States trade or business or having a permanent establishment in the United States, (ii) whether gain from the sale of Units is effectively connected with their conduct of a United States trade or business or a permanent establishment in the United States, (iii) the income tax consequences relating to the ownership of Units in their own particular circumstances, and (iv) the tax consequences of owning Units under the internal tax laws of the foreign investor’s home country.

It should be noted that a number of issues discussed in this Memorandum, including issues on which counsel has expressed an opinion, have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. **You are urged to consult your own tax counsel regarding the tax consequences of an investment in Units.**

Tax Consequences if the Fund invests in a Foreign Property

Under the Code, all U.S. Persons are subject to tax on a worldwide basis, regardless of the source of their income. The Fund will be considered a U.S. Person as it is organized within the United States. In the event the Fund invests in Property(ies) in a foreign country, income from such Property(ies) may also be subject to the source country’s income taxes. The Code provides for a Foreign Tax Credit to address the potential for “**double taxation**”. Upon the Fund paying or accruing foreign taxes to the foreign country where the Property is located and if the Fund is also subject to U.S. tax on the same income, the Fund may be able to take either a credit or a deduction for the payment of the foreign taxes. The following four tests must be met for any foreign tax to qualify for the Foreign Tax Credit: (1) the tax must be imposed on you, (2) you must have paid or accrued the tax, (3) the tax must be the legal and actual foreign tax liability, (4) the tax must be an income tax (or a tax in lieu of an income tax). In order to realize the credit, the foreign tax must be imposed on net realized income and cannot be directly connected with any subsidy that the foreign country is providing the Fund, as elaborated on further. The determination of the Credit will also depend on any tax treaty between the United States and such foreign country. Such treaties are usually designed to prevent double taxation of the same income by the United States and the foreign country. As

elaborated on below, the rules for determining eligibility for and limits on foreign tax credits are extremely complex and depend on a number of factors that are unique to each Investor's particular circumstances. For example, a credit for foreign taxes is subject to the limitation that it may not exceed the Investor's federal tax (before the credit) attributable to its total foreign source taxable income.

Generally, since the Fund is a pass-through entity, the Fund will separately state and allocate among the Investors foreign income taxes it paid. Subject to various limitations, an Investor may claim its allocable share of such income taxes on the Investor's tax return as a foreign tax credit.

As an initial matter, the amount of foreign income taxes passed through to an Investor in any year may not exceed the adjusted basis in such Investor's Unit(s) at the end of the year. If an Investor's allocable share of the foreign income taxes from the Fund exceeds the adjusted basis of the Investor in the Unit(s), such excess amount will be suspended and carried forward to later years. This excess carryforward amount should retain its character as foreign income taxes and be deductible or creditable by the Investor at the end of the taxable year in which the Investor has enough basis in the Unit(s) to absorb such taxes (subject to various limitations). The carryforward under this limitation is indefinite.

As set forth below, an Investor's ability to utilize the share of foreign tax credits passing through to the Investor will be based, in part, on the amount of its share of the foreign-source taxable income passing through from the Fund.

Because a U.S. foreign tax credit is not allowed to be used as a credit against U.S. tax on any U.S.-source income, the credit may only be used against foreign source income. As such, an Investor's foreign tax credit allowed for the current year generally will be limited to the amount of the U.S. tax liability (before taking into account the credit) multiplied by a ratio (not to exceed one), the numerator of which is Investor's foreign source taxable income and denominator of which is Investor's entire taxable income for the year. (To illustrate, if an Investor's pre-credit U.S. income tax on worldwide income for the year is \$100, and the Investor's income from foreign sources for the year was one-half of the total taxable income, the maximum amount of the foreign tax credit potentially allowable to the investor would be \$50. (See, however, the further limitation discussed below based on segregating foreign source income and deductions into separate "**baskets**".)

For purposes of applying the above limitation, generally the source of income and deductions that pass through from the Fund to the Investor will be determined as if the item were realized directly from the source from which realized by the Fund or incurred in the same manner as incurred by the Fund. Therefore, items of income and deduction, then, generally should retain their character as they pass through to the Investors. (Other rules different from this look-through rule may apply, however, for certain Investors who are classified as corporations for federal income tax purposes.)

The Treasury, however, has adopted specific regulations in this area which do not lump all foreign source income and all foreign taxes together for purposes of determination the amount of the foreign tax credit. The regulations place income in "**baskets**" by looking through to the Fund's income. These "**basketing**" rules will determine the foreign tax credit separately for "passive" income (generally, interest and dividends) and "general" income (generally, non-passive income and certain passive income), so that excess foreign taxes attributable to one (1) basket of income may not be used to offset federal tax liability with respect to foreign source income in the other basket of income. The "**basketing**" rules are intended

to prevent the shifting of passive-type income abroad in order to artificially create additional foreign source income and thus increase the applicable foreign tax credit limitation to result in excess credits. Whether the rental income from Property(ies) in a foreign country will be considered to be passive for this purpose, as opposed to general income, will depend, in part, on whether the property is considered to be operated and managed as part of an active business engaged in by the Fund, and whether rental income is considered to be high-taxed (that is, if the foreign local taxes on the rental income, after deduction for the allocable share of associated expenses, exceeds the highest U.S. income tax that can be imposed on such income).

In addition, foreign taxes may offset federal tax liability only with respect to income that is treated as foreign source income, so that, for example, foreign taxes imposed on any income or gains of the Fund that are treated as U.S. source income for federal income tax purposes will not be eligible to offset the federal taxes imposed on such income or gains and may be credited, if at all, only against foreign taxes imposed on other foreign source income or gains in the same basket of income for U.S. foreign tax credit purposes. This limitation can apply if the Property(ies) is located in a foreign country which is a treaty partner with the U.S. In such case, the treaty may allow the local foreign country to tax income that, under U.S. income tax law is U.S.-source, and as a consequence, a U.S. taxpayer paying local foreign income tax on such income may be deprived of the ability to avail itself of the foreign tax credit unless the treaty specifies the income as being treated as foreign-source. Generally, income taxed by a treaty partner of the U.S. will be only foreign source income. However, the foreign tax credit computation is complex, and there are instances where a U.S. taxpayer may be unable to claim the foreign tax credit or will be limited in the ability to utilize the credit (for example, where the taxpayer has other sources of foreign income). Depending on the particular foreign country in which the Property(ies) may be located, and/or the level and extent of active management conducted by the Fund with respect to the Property(ies), the associated rental income may not be sourced to the relevant foreign country, either under the local foreign tax law of such non-U.S. jurisdiction and/or applicable tax treaty.

An Investor should consider that foreign source losses of the Fund may decrease federal taxes on U.S. source income but may also reduce the amount of foreign tax credits otherwise available to Investors, and foreign source losses recognized in one (1) year may result in a re-sourcing of otherwise foreign source income as U.S. source income in a subsequent year, also limiting eligibility for foreign tax credits. Investors not able to claim the full amount of the credit in the current year, can carry the excess back to the immediately preceding tax year, or forward for the next ten years, subject to a similar limitation in those years. Taxes that are carried back or forward to another taxable year must be credited and cannot be deducted (under an election mentioned below) in the carryback or carryover year.

Allocations of foreign tax credits from the Fund generally cannot satisfy the substantial-economic-effect test because they have no economic significance apart from their tax consequences. The foreign tax credits will not be reflected in the Investor's respective capital accounts. Under certain rules, allocations of the foreign tax credits will be respected if the requirements of a "safe harbor" are met, so that the allocations are deemed to be made in accordance with each Investor's share in the Fund. Under these rules, an allocation of the foreign tax credits will meet the safe harbor if a three step-process is satisfied to determine the corresponding distributive share of income to which the foreign tax credit relates, as follows:

1. The Fund must determine the different baskets of net income attributable to one or more its activities.

2. The Fund must then determine the U.S. net income in each such basket. For this purpose, income from separate activities can be included in the same basket if the U.S. net income from the activities is allocated among the Investors in the same proportions. Similarly, income from a divisible part of a single activity that is shared in a different ratio than other income from that activity is treated as income from a separate activity and attributable to a separate basket.

3. The Fund allocates and apportions foreign tax credits to the baskets based on the net income in the baskets that is recognized for foreign tax purposes. Therefore, foreign tax credits will be allocated and apportioned to a particular basket if the income on which the foreign tax credit is imposed (the net income recognized for foreign tax purposes) is in the foreign tax credit basket.

Whether or the Fund will be deemed to have one or more activities giving rise to separate baskets under these rules is determined in a reasonable manner and taking into account all of the relevant facts and circumstances. Multiple baskets may be deemed to exist if the Fund owns Properties in different foreign jurisdictions and/or indirectly through another entity(ies), as opposed to directly through a foreign branch. To satisfy the safe harbor, the Fund must allocate the foreign tax credits among the Investors in the same proportion as the allocations of U.S. net income in the applicable basket.

If an election is not made to treat the foreign taxes of the Fund as creditable, a deduction may be claimed against U.S. federal taxable income for such taxes (subject to applicable limitations on losses and deductions). Although not always the case, the foreign tax credit typically is more beneficial since it can reduce an Investor's federal income liability on a dollar-for-dollar basis, as compared to a deduction the benefit of which reduces taxable income multiplied by the applicable marginal U.S. federal income tax rate.

The Fund will treat an Investor's allocable share of foreign taxes paid in any year as a further cash distribution to the Investor in such year. Accordingly, the Investor's rate of return on the Investor's investment in the Fund will be affected if the Investor cannot obtain a full offset of U.S. income taxes from the foreign tax credit in the year allocated.

Investors should consult their own tax advisors regarding all aspects of the rules applicable to foreign tax credits and the potential availability to them of foreign tax credits with respect to the income or taxes of the Fund.

INVESTMENT BY QUALIFIED PLANS AND IRAS

In General

In considering an investment in the Fund of the assets of an employee benefit plan (as defined in Section 3(3) of "ERISA") or an individual retirement account ("IRA"), a fiduciary or any other person responsible for investment of the plan or IRA investments, taking into account the facts and circumstances of such plan or IRA, should consider, among other things: (i) whether the investment is in accordance with the documents and instruments governing such plan or IRA, (ii) the definition of plan assets under ERISA, (iii) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of

ERISA (or other applicable law), (iv) whether, under Section 404(a)(1)(B) of ERISA (or other applicable law), the investment is prudent, considering the nature of an investment in and the compensation structure of the Fund and the fact that there is not expected to be a market created in which the Units can be sold or otherwise disposed of, (v) that the Fund has had no history of operations, (vi) whether the Fund or any affiliate is a fiduciary or a party in interest to the plan or IRA, (vii) the need to annually value the Units, and (viii) whether an investment in the Fund will cause the plan or IRA to recognize UBTI. See “**Federal Income Tax Consequences – Investment by Qualified Plans and IRAs - Unrelated Business Taxable Income**”. The prudence of a particular investment must be determined by the responsible fiduciary or other person (usually the trustee, plan administrator, or investment manager) with respect to each employee benefit plan or IRA, taking into account all of the facts and circumstances of the investment.

Potential employee benefit plan and IRA investors should also take into consideration the limited liquidity of an investment in the Fund as it relates to applicable minimum distribution requirements of the Code. If the Units are held in the IRA or employee benefit plan at the time mandatory distributions are required to commence to the IRA beneficiary or plan participant, applicable law may require the in kind distribution of Units. Such distribution must be included in the participant’s or beneficiary’s taxable income for the year of receipt of the Units (at then current fair market value) without any cash distributions with which to pay the tax liability.

ERISA provides that Units may not be purchased by an employee benefit plan if the Fund or an affiliate of the Fund is a fiduciary or party in interest (as defined in Sections 3(21) and 3(14) of ERISA) to the plan unless such purchase is exempt from the prohibited transaction provisions of Section 406 of ERISA. Under ERISA, it is the duty of the fiduciary responsible for purchasing the Units not to engage in such transactions.

Code Section 4975 has similar restrictions applicable to transactions between disqualified persons and an employee benefit plan or IRA, which could result in the imposition of excise taxes on the Fund or loss of tax-exempt status of the IRA.

Plan Asset Regulations

An investment in the Fund by an employee benefit plan or IRA could also violate ERISA or the Code if, under applicable Department of Labor (“**DOL**”) regulations, the Fund assets are considered to be assets of the plan or IRA. The DOL has promulgated final regulations (“**DOL Regulations**”), 29 C.F.R. Section 2510.3-101, that define what constitutes “**Plan Assets**” in a situation in which an employee benefit plan or IRA invests in a partnership, or other similar entity. If assets of the Fund are classified as Plan Assets, the significant penalties discussed below could be imposed under certain circumstances.

Under the DOL Regulations, if an employee benefit plan or IRA invests in an equity interest of an entity that is neither a publicly offered security nor a security issued by an investment company registered under the Investment Company Act, its assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that the entity is an “**operating company**”, or equity participation in the entity by benefit plan investors is not “**significant**”.

The Units will not qualify as publicly offered securities nor will they be issued by an investment company registered under the Investment Company Act.

Nonetheless, if one of the exceptions described below is satisfied, Fund assets may avoid being classified as Plan Assets. Fund assets may be excluded from Plan Assets under the DOL Regulations if the Fund is an “**operating company**”. The term “**operating company**” includes an entity that is a “**real estate operating company**”, as defined in the DOL Regulations. Under the DOL Regulations, an entity is a “**real estate operating company**” if:

(i) for any day during a 90-day annual valuation period at least 50% of its assets, valued at cost (other than short-term investments pending long-term commitment or distribution to investors), are invested in real estate that is managed or developed by such entity and with respect to which such entity has the right to substantially participate directly in the management or development activities; and

(ii) the entity, in the ordinary course of its business, is engaged directly in real estate management or development activities. Example (8) in the DOL Regulations indicates that an entity may still qualify as a “**real estate operating company**” when management of the entity’s real estate may be performed by independent contractors if the entity retains certain control over the independent contractor and frequently consults with and advises the independent contractor.

The Manager believes that the Fund should satisfy the definition of an operating company. However, because this determination involves questions of fact regarding future activities, complete assurance on this issue cannot be provided. Further, it should be noted that it is possible the Fund would not qualify as a real estate operating company in each year of its existence. That is, the fact that the Fund satisfies the real estate operating Fund rules in one year has no bearing on its ability to satisfy such rules in later years.

If the Fund is classified as a “**real estate operating company**”, an investment by an employee benefit plan or IRA in the Fund should be treated only as an investment in an equity interest in the Fund and not as an investment in an undivided interest in each of the Fund’s assets. There is no authority regarding whether the ownership and operation of a Property will qualify the Fund as a “**real estate operating company**”. As a result, qualified plan and IRA investors should not rely on the Fund being deemed an “**operating company**” for purposes of the DOL Regulations. However, the qualified plan or IRA may qualify for the exemption for “**significant**” participation exemption described below.

If the Fund does not qualify as an “**operating company**” under DOL Regulations, an employee benefit plan or IRA investment in the Fund will be treated as an investment in an equity interest in the Fund, and not as an investment in an undivided interest in each of the underlying assets, only if equity participation in the Fund by benefit plan investors (i.e., employee benefit plans and IRAs) is not “**significant**”. Under the DOL Regulations, equity participation in the Fund by benefit plan investors would be “**significant**” on any date if, immediately after the most recent acquisition of any equity interest in the Fund, 25% or more of the total value of the Units is held by benefit plan investors. In determining whether the 25% benefit plan investors’ ownership is met, the ownership of any person with discretionary authority with respect to Fund assets is disregarded. The Operating Agreement prohibits benefit plan investors from acquiring 25% or more of the total value of the Units. If the Fund complies with this prohibition, the Fund should qualify for the exemption from the DOL Regulations offered to entities in which benefit plan participation is not “**significant**”. However, if, for any reason, the 25% limitation is not met, then the issues described below will arise (unless the Fund is an operating company).

Impact of Fund's Holding Plan Assets

If the Fund is deemed to hold Plan Assets, additional issues relating to the Plan Assets and “**prohibited transaction**” concepts of ERISA and the Code arise. Anyone with discretionary authority with respect to Fund assets could become a “**fiduciary**” of the employee benefit plans or IRAs within the meaning of ERISA. As a fiduciary, such person would be required to meet the terms of the employee benefit plan or IRA regarding asset investment and would be subject to prudent investment and diversification standards. Any such fiduciary could be a defendant in an ERISA lawsuit brought by the DOL, an employee benefit plan participant or another fiduciary to require that Fund assets and the investment and stewardship thereof meet these and other ERISA standards.

In addition, if the Fund is deemed to hold Plan Assets, investment in the Fund might constitute an improper delegation of fiduciary responsibility to the Manager and expose the fiduciary of an employee benefit plan investor to co-fiduciary liability under ERISA for any breach by the Manager of its ERISA fiduciary duties.

Section 406 of ERISA and Code Section 4975(c) also prohibit employee benefit plans from engaging in certain transactions with specified parties involving Plan Assets. Code Section 4975(c) also prevents IRAs from engaging in such transactions.

One of the transactions prohibited is the furnishing of services between a plan and a “**party in interest**” or a “**disqualified person**”. Included in the definition of “**party in interest**” under Section 3(14) of ERISA and the definition of “**disqualified person**” in Code Section 4975(e)(2) are “**persons providing services to the plan**”. If the Manager or certain entities and individuals related to the Manager has previously provided services to an employee benefit plan or IRA investor, then the Manager could be characterized as a “**party in interest**” under ERISA and/or a “**disqualified person**” under the Code with respect to such benefit plan investor.

If such a relationship exists, it could be argued that, because the Manager shares in certain Fund distributions and tax allocations in a manner disproportionate to its capital contributions to the Fund, the Manager is being compensated directly out of Plan Assets rather than Fund assets for the provision of services, i.e., establishment of the Fund and making it available as an investment to the employee benefit plan or IRA. If this were the case, absent a specific exemption applicable to the transaction, a prohibited transaction could be determined to have occurred between the employee benefit plan or IRA and the Manager.

If the Fund's assets are treated as Plan Assets, a prohibited transaction would also occur if a party with whom the Fund enters into a transaction is a “**party in interest**” or “**disqualified person**” with respect to an employee benefit plan or IRA.

Another type of transaction prohibited by ERISA and the Code is one in which fiduciaries of an employee benefit plan or the person who establishes an IRA engage in self-dealing. Accordingly, Affiliates of the Manager are not permitted to purchase Units with assets of any benefit plan investor if they: (i) have investment discretion with respect to such assets or (ii) regularly give individualized investment advice that serves as the primary basis for the investment decisions made with respect to such assets.

If the Fund's assets are treated as Plan Assets and if it is determined that the acquisition of a Unit by an employee benefit plan (or another transaction of the Fund) constitutes a prohibited transaction, then any party in interest, which may include a fiduciary or sponsor of an employee benefit plan, that has engaged in any such prohibited transaction could be required to: (i) restore to the employee benefit plan any profit realized on the transaction; (ii) make good to the employee benefit plan any losses suffered by the employee benefit plan as a result of such investment; (iii) pay an excise tax equal to 15% of the amount involved (i.e., the amount invested in the Fund) for each year during which the investment is in place; and (iv) eliminate the prohibited transaction by reversing the transaction and making good to the Fund any losses resulting from the prohibited transaction. Moreover, if any fiduciary or party in interest is ordered to correct the transaction by either the IRS or the DOL and such transaction is not corrected within a 90-day period, the party in interest involved could also be liable for an additional excise tax in an amount equal to 100% of the amount involved (i.e., the amount invested in the Fund), for each taxable year commencing with the year in which the 90-day period expires and ending with the year in which the prohibited transaction is corrected. Also, the DOL could assert additional civil penalties against a fiduciary or any other person who knowingly participates in any such breach.

With respect to investing IRAs, the tax-exempt status of the IRA could be lost if the investment (or another transaction of the Fund) constitutes a prohibited transaction under Code Section 408(e)(2). If the IRA were to lose its tax-exempt status, the entire value of the IRA would be considered to be distributed and taxable to the IRA sponsor.

Annual Valuation

A fiduciary of an employee benefit plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan's fiscal year and to file a report with the IRS reflecting such value. When no fair market value of a particular asset is available, the fiduciary is generally required to make a good faith determination of that asset's "**fair market value**" assuming an orderly liquidation at the time the determination is made. In addition, a trustee or custodian of an IRA must provide the participant and the IRS with a statement of the value of the IRA each year. In discharging its obligation to value assets of a plan, a fiduciary subject to ERISA must act consistently with the relevant provisions of the plan and the general fiduciary standards of ERISA.

To assist fiduciaries (and IRA trustees and custodians) in fulfilling their valuation and annual reporting responsibilities, the Fund will provide reports of the Fund's annual determination of the current value of Units in the Fund, if available and already in existence, to those fiduciaries (including IRA trustees and custodians) who identify themselves to the Fund as such and request the reports. The Fund valuation may be, but is not required to be, performed by independent appraisers.

There can be no assurance: (i) that the value established by the Fund could or will actually be realized by the Fund or an Investor upon liquidation (in part because appraisal or estimated values do not necessarily indicate the price at which assets could be sold and because no attempt will be made to estimate the expenses of selling any assets of the Fund), (ii) that Investors could realize such value if they were to try to sell their Units, or (iii) that such valuation complies with the requirements of ERISA or the Code.

REPORTS

The Manager will keep proper and complete records and books of account for the Fund. These books and records will be kept at the Fund's principal place of business and each Member (or a duly authorized representative) will at all times, during normal business hours, have the right to inspect, examine and copy from them.

The Manager will also have prepared and transmitted to the Members the following periodic reports:

(1) Biannual reports as to the operations of each of the respective Properties owned by the Fund.

(2) Within approximately 180 days after the end of each fiscal year of the Fund, an annual report containing an audited financial statement as of December 31st of the applicable year. Such financial statement will be prepared in accordance with sound accounting principles, consistently applied.

(3) Within 75 days after the end of each Fund fiscal year, a copy of that portion of the Fund's federal income tax return for such fiscal year or such other information as the Members may need to prepare their federal income tax returns, unless the Manager has elected to extend the tax filing date.

LITIGATION

There are no legal actions pending against either the Fund or the Manager, nor, to the knowledge of management, is any litigation threatened against any of them, any of their management, or any Affiliate, which may materially affect operations or projected goals of the Fund.

ACCOUNTING MATTERS

Method of Accounting

The Fund will maintain its books and records and report its income tax results according to sound accounting principles, consistently applied.

Fiscal Year

Unless changed by the Manager as permitted under the Code, the fiscal year of the Fund will be the calendar year.

LEGAL OPINION

The Law Office of Daniel A. Schwartzman will render a tax opinion with respect to certain issues as set forth in this Memorandum. The estimated amount of such tax opinion is **\$3,500.00**. Except as to matters stated therein, which are based upon the law in effect as of the date of the opinion, the issuance of the opinion should not in any way be construed as implying that counsel has approved or passed upon any other matter for the Fund. The members or partners of the Law Office of Daniel A. Schwartzman may make an investment to acquire Units pursuant to the terms of this Offering; provided, however, such investment in Units should not be taken as a representation or opinion concerning the operation of the

Fund's business, its future success or any other matter related to the investment by any Member in the Fund.

ADDITIONAL INFORMATION

The Manager will answer inquiries from subscribers concerning the Fund and other matters relating to the offer and sale of the Units, and the Manager will afford subscribers the opportunity to obtain any additional information to the extent the Manager possesses such information or can acquire such information without unreasonable effort or expense.

EXHIBIT A
OPERATING AGREEMENT

LIMITED LIABILITY COMPANY AGREEMENT

OF

TEI DIVERSIFIED INCOME & OPPORTUNITY FUND VII, LLC

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS ANY COMMISSION OR AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS OR EXEMPTION THEREFROM.

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**LIMITED LIABILITY COMPANY AGREEMENT
OF
TEI DIVERSIFIED INCOME & OPPORTUNITY FUND VII, LLC**

This Limited Liability Company Agreement, effective as of July 1, 2025, is entered into by and between Time Equities Management VII, LLC, a Delaware limited liability company, as the Manager, and the Initial Members, set forth herein, based, on the following terms and conditions.

1. Organization.

1.1 Formation. On March 12, 2025, a Certificate of Formation was filed in the office of the Secretary of State of the state of Delaware in accordance with and pursuant to the Act. This Agreement shall amend and replace in its entirety any prior version of the Limited Liability Company Agreement for the Company.

1.2 Name and Place of Business. The name of the Company shall be **TEI Diversified Income & Opportunity Fund VII, LLC**, and its principal place of business shall be 55 Fifth Avenue, 15th Floor, New York, NY 10003. The Manager may change such name, change such place of business or establish additional places of business of the Company as the Manager may determine to be necessary or desirable.

1.3 Business and Purpose of the Company. The primary purpose of the Company is to (i) acquire, own, lease, operate, manage, rehabilitate, and transfer the Properties, and to that end hold, improve, mortgage, maintain, refinance, manage, lease and dispose of the Properties (either directly or through special purpose entities), (ii) engage in any other activities relating to or incidental as are necessary to accomplish such purpose and (iii) engage in such other activities as determined by the Manager which are allowed under Delaware law.

1.4 Term. The term of the Company shall commence on the effective date of this Agreement and shall terminate on December 31, 2065, unless the Company is sooner dissolved and terminated as provided in this Agreement.

1.5 Required Filings. The Manager shall execute, acknowledge, file, record, amend and/or publish such certificates and documents, as may be required by this Agreement or by law in connection with the formation and operation of the Company.

1.6 Registered Office and Registered Agent. The Company's initial registered office and initial registered agent shall be as provided in the Certificate of Formation. The registered office and registered agent may be changed from time to time by the Manager by filing the address of the new registered office and/or the name of the new registered agent pursuant to the Act.

1.7 Certain Transactions. Any Manager, Member, or any Affiliate thereof, or any shareholder, officer, director, employee, partner, member, manager or any person owning an interest therein, may engage in or possess an interest in any other business or venture of any nature or description, whether or not competitive with the Company, including, but not limited

to, the acquisition, syndication, ownership, financing, leasing, operation, maintenance, management, brokerage, construction and development of property similar to the Property and no Manager, Member or any Affiliate, other person or entity shall have any interest in such other business or venture by reason of their interest in the Company.

2. Definitions. Definitions for this Agreement are set forth on Exhibit A and are incorporated herein.

3. Capitalization and Financing.

3.1 Manager's Capital Contribution. The Manager shall not be required to make a Capital Contribution to the Company.

3.2 Members' Capital Contributions.

3.2.1 Units. The Company is hereby authorized to sell and issue not more than 20,000 Units at a purchase price of \$5,000 per Unit and to admit the persons who acquire such Units as Members. The minimum purchase shall be 5 Units, except that the Manager may, in its sole discretion, sell and issue Units in increments of less than 5. The Offering shall terminate on the Offering Termination Date. The Company will not sell 25% or more of the Units to Employee Benefit Plans. In addition, the Company will not accept a charitable remainder trust as a Member. Notwithstanding the above provisions, if Offering is oversubscribed on or prior to the Offering Termination Date (as may be extended), then the Manager, at its sole discretion, may sell and issue up to 10,000 additional Units for a new maximum total of Units equal to 30,000 Units.

3.2.2 Payment of Purchase Price. Except as provided below in Section 3.24, the purchase price of each Unit shall be paid in full in cash at the time of execution of the Subscription Agreement. Payment of the purchase price for a Unit shall constitute the Member's initial Capital Contribution. As described in the Memorandum, Units may be sold to certain persons for a contribution to the Company of \$4,650 per Unit in the event that the Company is not obligated to pay the 7% selling commission normally paid to a broker-dealer in connection with the sale of these Units. Units acquired by the Manager or its Affiliates will be sold for a contribution of \$4,600 and the Company will not be obligated to pay the 7% selling commission, and the 1% due diligence and marketing fee or allowance. In addition to the extent the Wholesale Fee is reduced or waived as to any such sale of Units to the Manager and/or its Affiliates, then the contribution amount for their purchase of a Unit will be correspondingly increased. In such case, the subscription amount shall be grossed up by the amount in which Selling Commissions and Expenses are reduced and/or waived.

3.2.3 Extension for Payment of Subscription Payment as to Subscription Agreement. The provisions of this Section 3.2.4 shall only apply to Subscription Agreement received in the last month of the Offering. To potentially accommodate certain Members who may request an extension to fund their Subscription Payment, the Manager, in its sole and absolute discretion, may allow any such Member, who completes and submits their Subscription Agreement to TES no later than the Offering Termination Date, an extension to pay their Subscription Payment beyond the Offering Termination Date. In no event shall such extension period for payment of a Member's Subscription Payment go beyond **February 15, 2028** or **February 15, 2029** (if the

Offering Termination Date is extended). Unless such extension is granted in writing by the Manager, an Investor is required to pay their Subscription Payment in cash at the time such Subscription Agreement is delivered to TES. Also, this extension shall only apply if an Investor's Subscription Agreement is executed and delivered to TES on or before Offering Termination Date. Any such acceptance of a Subscription Agreement by the Manager, in which an Investor is given an extension to pay their Subscription Payment, shall be conditioned upon the entire Subscription Payment being timely funded no later than **February 15, 2028** or **February 15, 2029** (if the Offering Termination Date is extended) and any such acceptance of a Subscription Agreement by the Manager shall automatically thereafter be rejected and revoked to extent such applicable Person fails to timely pay such Subscription Payment by **February 15, 2028** or **February 15, 2029** (if the Offering Termination Date is extended). In such case, the Subscription Agreement thereafter shall be deemed null and void and such Person shall not be a member of the Company.

3.2.4 Subscription Agreement. Each person desiring to acquire Units and become a Member shall tender to the Company a Subscription Agreement for the number of Units desired, together with the correct full Subscription Payment of the Units so subscribed. The Company shall accept or reject each Subscription Agreement within 30 days after the Company receives the same (and the failure by the Company to accept a Subscription Agreement within the 30-day period shall constitute a rejection thereof). If rejected, all Subscription Payments shall be returned to the subscriber. Acceptance of a Subscription Agreement shall be evidenced by the execution of the Subscription Agreement by the Manager. Subject to Section 3.2.7, upon the acceptance of a Subscription Agreement, the accompanying Subscription Payment shall become a Capital Contribution by such subscriber.

3.2.5 Subscription Payments and Admission to the Company. After acceptance of any tendered Subscription Agreement by the Company, the accompanying Subscription Payment shall be paid directly to the Company. Investors in the Company shall be admitted into the Company on the first day of the calendar month following the month in which the Company accepts such subscriber's subscription, unless admitted earlier by the Manager.

3.2.6 Manager or its Affiliates as Member. (a) The Manager and/or its Affiliates may acquire any number of Units for any reason deemed appropriate by the Manager for the same price and upon the same terms and conditions, subject to Section 3.2.2, as all other purchasers thereof.

3.2.7 (b) Affiliates of the Manager will co-invest in the Properties and/or the Company so the aggregate amount of such co-investment in the form of capital contributions to either the Company and/or the Properties shall be at least **10%** of the aggregate subscriptions received from investors for the Company (the "**Co-Investment**"). Such Co-Investment shall consist of either Units purchased in the Company by Affiliates and/or ownership interests acquired in the Properties by any such Affiliates. Such Co-Investment as to the acquisition of Units by Affiliates shall be determined without regard to deduction for Selling Commissions and Expenses. Such Co-Investment applies to the initial Maximum Offering Amount of \$100,000,000 and not to any increase in the Offering Amount. For purpose of determining the amount of such Co-Investment, the total amount invested by any such Affiliate of the Manager in the Properties, without deduction for any ownership interest held by any third party or entity, shall be included, provided, Francis Greenburger, Robert Kantor and/or TEI (or any entity controlled by any of them) have management authority over any such Affiliate entity.

Such Co-Investment shall be required to be made by Affiliates as of the Offering Termination Date and thus not necessitate a match every time new subscriptions are received. The Manager shall complete a calculation of the amount of such Co-Investment within a reasonable period of time after the Offering Termination Date. To the extent there is any deficiency in the amount of such Co-Investment, after such calculation is completed, any Affiliate of the Manager shall promptly purchase the required number of Units (or partial Units) in the Company to eliminate any such Co-Investment deficiency. If necessary, the Offering Termination Date shall be automatically extended to allow Affiliates to purchase Units to eliminate any such deficiency. Such extension of the Offering Termination Date, shall not extend the time for any third party investor to invest in the Company. In any event, the Manager shall undertake reasonable measures, if possible, to avoid having to extend the Offering Termination Date to cure such Co-Investment deficiency. It is recognized that such deficiency could be created if an overwhelming amount of subscriptions are received close to the Offering Termination Date.

The following are some examples of the manner in which such Co-Investment amount shall be calculated. In each such example the applicable entity either purchases Units in the Company for \$1,000,000 or contributes \$1,000,000 for the acquisition of a Property, in which the Company will also invest, and such investment by the applicable entity in the Property will be made in the form of a membership interest in the owner of the Property, which may include one of the tenant in common owners of such Property.

Examples

- 1) Entity A is managed by Francis Greenburger, Robert Kantor and/or TEI and Entity A is partially owned by a trust for the benefit of the children of either of Francis Greenburger or Robert Kantor. Since Entity A would qualify as an Affiliate of the Manager, based on the above management and partial ownership of Entity A, the entire \$1,000,000 capital contribution would be counted as a Co-Investment by the Affiliates.
- 2) Entity B is a joint venture limited liability company co-managed by Time Equities, Inc. and a third party joint venture entity and Entity B is owned by two members, each containing multi-members and only one of these two members are managed by Francis Greenburger and/or Robert Kantor. Francis Greenburger owns a 50% interest in such entity. The other member is 100% owned and managed by third parties. Since Time Equities Inc. is a co-manager in this joint venture limited liability company and Francis Greenburger owns a 50% interest in one of the members, the entire \$1,000,000 capital contribution shall be counted as part of this Co-Investment.
- 3) Entity C is managed by Francis Greenburger and Robert Kantor and entity C subscribes to purchase Units in the Company for \$1,000,000. Entity C is partially owned by Francis Greenburger, Robert Kantor and/or a trust for the benefit of their children. Based on the above management and partial ownership of Entity C, the entire subscription amount of \$1,000,000 shall be counted toward this Co-Investment.

(c) In order to satisfy the Co-Investment requirement, Affiliates of the Manager may also make contributions of real property to the Company in exchange for Units. The value of the property contributed by Affiliates will be determined by the contributing party's cost for the property, without any mark-up (including the purchase price and all costs associated with its acquisition and/or financing and the amount of any cash reserves or working funded from equity contributions, but reduced by any debt secured by a Property and assumed by the Company). Any such Property transferred from an Affiliate of the Manager must be conveyed within six (6) months after the date of acquisition of any such Property by an Affiliate of the Manager.

(d) Affiliates of the Manager and their officers, directors and members may acquire additional Units. In such event, the Affiliates will be admitted to the Company as Members with respect to such Units and will be entitled to all rights as Members appurtenant thereto, including but not limited to the right to vote on certain Company matters as provided for in this Agreement and to receive Distributions and allocations attributable to the Units so purchased.

3.2.8 Admission of a Member. To the extent required by law, the Manager shall amend this Agreement and take such other action as the Manager deems necessary or appropriate promptly after receipt of the Members' Capital Contributions to the Company to reflect the admission of those persons to the Company as Members.

3.2.9 Liabilities of Members. Except as specifically provided in this Agreement, neither the Manager nor any Members shall be required to make any additional contributions to the Company and no Manager or Member shall be liable for the debts, liabilities, contracts, or any other obligations of the Company, by reason of being a Member or Manager of the Company, nor shall the Manager or the Members be required to lend any funds to the Company or to repay to the Company, the Manager or any Member, or any creditor of the Company any portion or all of any deficit balance in a Member's Capital Account.

3.3 Manager or Affiliate Loans. The Manager and its Affiliates may, but will have no obligation to, make loans to the Company. Any such loan shall bear interest at a rate equal to the greater of (i) then current prime rate plus 3% or (ii) 7% and provide for the payment of principal and any accrued but unpaid interest in accordance with the terms of the promissory note evidencing such loan, but in no event later than the dissolution of the Company.

3.4 Company Loans. The Company may obtain or assume, in the sole discretion of the Manager, loans to acquire, operate, construct, develop or refinance the Properties.

4. Allocation of Tax Items.

4.1 Allocation of Net Profit and Net Loss. For each fiscal year, the Net Profit and Net Loss of the Company shall be allocated as follows:

4.1.1 Allocation of Net Profit and Net Loss. After giving effect to the special allocations set forth in Sections 4.2 - 4.8, Net Profit and Net Loss for any taxable year, shall be allocated among the Members in a manner such that, the Capital Account of each Member, immediately after making such allocation, and after taking into account actual distributions made during such taxable year, is, as nearly as possible, equal (proportionately) to (i) the distributions that would be

made to such Member pursuant to Section 5 hereof if the Company were dissolved, its affairs wound up and the Company's interests in the Properties and assets are sold for cash equal to their Book Value, all Company liabilities, including the Company's share of any liability of any entity treated as a partnership for U.S. federal income tax purposes in which the Company is a partner, were satisfied (limited with respect to each nonrecourse liability to the Book Value of the Company's Properties securing such liabilities) and the net assets of the Company were distributed in accordance with Section 5 to the Members immediately after making such allocation, computed immediately prior to the hypothetical sale of all of the Company's interests in the Properties and its assets. Subject to the other provisions of this Section 4, an allocation to a Member of a share of Net Profit or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Profit or Net Loss.

4.1.2 In the event that a transferee of a Membership Interest becomes a Member, the items of gross income, loss, deduction and credit pertaining to the transferred Membership Interest for the taxable year of the transfer shall be allocated between the transferor and the transferee on a pro-rata daily basis with respect to the date of transfer of such Membership Interest, provided, however, that the distributive share of income, gains, losses, deductions, credits and tax preference arising out of the sale, refinancing, condemnation or other disposition of all or any portion of the Company's assets or property, or from insurance proceeds retained by the Company that were not applied to restoration of a Property, shall be allocated to the owner of the interest as of the date such income, gains, losses, deductions, credits and tax preference are earned or incurred.

4.2 Special Allocations.

4.2.1 Qualified Income Offset. Except as provided in Section 4.2.3, in the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit created by such adjustment, allocation or distribution as quickly as possible.

4.2.2 Gross Income Allocation. Net Loss shall not be allocated to any Member to the extent such allocation would cause such Member to have an Adjusted Capital Account Deficit at the end of a fiscal year. In the event any Member has an Adjusted Capital Account Deficit at the end of any fiscal year, each such Member shall be specially allocated items of Company gross income and gain in the amount of such Adjusted Capital Account Deficit as quickly as possible.

4.2.3 Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section 4.2.3 is intended to comply with the partnership minimum gain chargeback requirement in the Treasury Regulations and shall be interpreted consistently therewith. This provision shall not apply to the extent the Member's share of net decrease in Company Minimum

Gain is caused by a guaranty, refinancing, or other change in the debt instrument causing it to become partially or wholly recourse debt or Member Nonrecourse Debt, and such Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the newly guaranteed, refinanced or otherwise changed debt or to the extent the Member contributes cash to the capital of the Company that is used to repay the Nonrecourse Debt, and the Member's share of the net decrease in Company Minimum Gain results from the repayment.

4.2.4 Member Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, except Section 4.2.3, if there is a net decrease in Member Minimum Gain, any Member with a share of that Member Minimum Gain (as determined under Treasury Regulations Section 704-2(i)(5)) as of the beginning of the year shall be allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section shall not apply to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Debt due to conversion, refinancing or other change in a debt instrument that causes it to become partially or wholly a Nonrecourse Debt. This Section is intended to comply with the partner minimum gain chargeback requirements in the Treasury Regulations and shall be interpreted consistently therewith and applied with the restrictions attributable thereto.

4.2.5 Nonrecourse Deductions and Allocation of Nonrecourse Liabilities. Nonrecourse Deductions for any fiscal year or other period shall be allocated to the Members in proportion to their Units. A Member's "**interest in partnership profits**" for purposes of determining its share of the excess nonrecourse liabilities of the Company within the meaning of Treasury Regulations Section 1.752-3(a)(3) shall be such Member's percentage of all outstanding Units represented by the Units held by such Member; provided, however, with respect to the Units issued for Property, excess nonrecourse liability shall first be allocated to the Members who contributed the applicable Property to the extent of any built-in gain with respect to such Property that is attributable to such Member pursuant to Section 704(c) to the extent debt attributable to such gain has not previously been allocated to such Member pursuant to Treasury Regulations Section 1.752-3(a)(2).

4.2.6 Member Nonrecourse Deductions. Member Nonrecourse Deductions for any fiscal year shall be allocated to the Member who bears the economic risk of loss as set forth in Treasury Regulations Section 1.752-2 with respect to the Member Nonrecourse Debt. If more than one Member bears the economic risk of loss for a Member Nonrecourse Debt, any Member Nonrecourse Deductions attributable to that Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss.

4.2.7 Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

4.3 Curative Allocations. Notwithstanding any other provision of this Agreement, the Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

4.4 Contributed Property. Notwithstanding any other provision of this Agreement, the Manager shall cause depreciation and/or cost recovery deductions and gain or loss attributable to Property contributed by a Member or revalued by the Company to be allocated among the Members for income tax purposes in accordance with Section 704(c) of the Code and the Treasury Regulations promulgated thereunder.

4.5 Commission Discounts. In the event any Member receives a commission discount as described in Section 3.2.3, such Member shall be treated upon liquidation of the Company as if such Member had not received a discount and an appropriate income allocation shall be made to such Member so that all liquidating Distributions (other than Preferred Return) to the Members per Unit are equal.

4.6 Recapture Income. The portion of each Member's distributive share of Net Income that is characterized as ordinary income pursuant to Section 1245 or 1250 of the Code shall be proportionate to the amount of Net Income or Net Loss which included the corresponding depreciation deductions that were allocated to such Member as compared with the amount of depreciation deductions allocated to all Members.

4.7 Allocation Among Units. Except as otherwise provided in this Agreement, all Distributions and allocations made to the Members shall be in the ratio of the number of Units held by each such Member on the date of such allocation (which allocation date shall be deemed to be the last day of each month) to the total outstanding Units as of such date, and, except as otherwise provided in this Agreement without regard to the number of days during such month that the Units were held by each Member. Members who acquire Units at different times during the Company tax year shall be allocated Net Income and Net Loss using the monthly convention set forth in Section 4.9.1. For purposes of this Section 4 and Section 5, an Economic Interest Member shall be treated as a Member.

4.8 Allocation of Company Items. Except as otherwise provided herein, whenever a proportionate part of Net Income or Net Loss is allocated to a Member, every item of income, gain, loss or deduction entering into the computation of such Net Income or Net Loss, and every item of credit or tax preference related to such allocation and applicable to the period during which such Net Income or Net Loss was realized shall be allocated to the Member in the same proportion.

4.9 Assignment.

4.9.1 In the event of the assignment of a Unit, the Net Income and Net Loss shall be allocated as between the Member and his assignee based upon the number of months of their respective ownership during the year in which the assignment occurs, without regard to the results

of the Company's operations during the period before or after such assignment. Distributions shall be made to the holder of record of the Units as of the date of the Distribution. An assignee who receives Units during the first 15 days of a month will receive any allocations relative to such month. An assignee who acquires Units on or after the sixteenth day of a month will be treated as acquiring his Units on the first day of the following month.

4.9.2 In the event of the assignment of the Manager's interest, the allocations of Net Income or Net Loss shall be as agreed between the Manager and its assignee. In the absence of an agreement, the Net Income, Net Loss and Distributions shall be allocated in a manner similar to that provided in Section 4.9.1.

4.10 Power of Manager to Vary Allocations. It is the intent of the Members that each Member's share of Net Income and Net Loss be determined and allocated in accordance with Section 704(b) and Section 514(c)(9) of the Code and the provisions of this Agreement shall be so interpreted. Therefore, if the Company is advised by the Company's legal counsel that the allocations provided in this Section 4 are unlikely to be respected for federal income tax purposes, the Manager is hereby granted the power to amend the allocation provisions of this Agreement to the minimum extent necessary to comply with Section 704(b) and Section 514(c)(9) of the Code and effect the plan of allocations and Distributions provided for in this Agreement.

4.11 Consent of Members. The allocation methods of Net Income and Net Loss are hereby expressly consented to by each Member as a condition of becoming a Member.

4.12 Withholding Obligations.

4.12.1 If the Company is required (as determined by the Manager) to make a payment ("**Tax Payment**") with respect to any Member to discharge any legal obligation of the Company or the Manager to make payments to any governmental authority with respect to any federal, foreign, state or local tax liability of such Member arising as a result of such Member's interest in the Company, then, notwithstanding any other provision of this Agreement to the contrary, the amount of any such Tax Payment shall be offset against any Distribution which otherwise would be made to such Member.

4.12.2 If and to the extent the Company is required to make any Tax Payment with respect to any Member, by offset to a Distribution to a Member, either (i) such Member's proportionate share of such Distribution shall be reduced by the amount of such Tax Payment, or (ii) to the extent such offset to Distributions of such Member is not sufficient to cover such Tax Payment, then such Member shall pay to the Company an amount of cash equal to such deficit for such Tax Payment. The Company shall notify such Member of the amount of such deficit and the Member shall pay same within ten (10) business days after receipt of a written demand for payment, which includes a calculation of such deficit.

4.12.3 The Manager shall be entitled to hold back any Distribution to any Member to the extent the Manager believes in good faith that a Tax Payment will be required with respect to such Member in the future and the Manager believes that there will not be sufficient subsequent Distributions to make such Tax Payment.

4.13 Special Allocation. Notwithstanding the other provisions in this Section 4 (but subject to Section 4.10), in the year of the sale of the last Property, Net Income and Net Loss from all sources (or gross income or gross expense) shall be allocated, to the greatest extent possible, so that the positive capital account balance of each Member shall be equal to the distributions to be made upon liquidation to such Member.

4.14 Tax Credit. Tax credits and any items relating thereto shall be allocated to the Members according to their interest in such items as determined by the Manager taking into account the principals of Treasury Regulations Section 1.704-1(b)(4)(viii).

5. **Distributions**.

5.1 Cash From Operations Cash available for Distribution from both: (i) Net Cash Flow generated by the Properties, as determined by the Manager with respect to each calendar year, and (ii) the proceeds from the sale or refinancing of the Properties or other Capital Transactions that are available for Distribution to the Members (after transaction costs, repayment of liabilities, required or intended to be paid therefrom and retention of such amounts for reserves as the Manager determines is prudent) will be distributed in the following order of priority:

Distributions to Members from Net Cash Flow

5.1.1. Distributions of Net Cash Flow for a particular calendar year (or part thereof), to the extent available for Distribution, as determined by the Manager in their sole discretion, shall be made to the Members and the Manager in the following order of priority:

- i. First, to the Members (including the Manager), quarterly, in an amount equal to the sum of their Unpaid Preferred Return of 6% per annum on a cumulative basis (calculated to the end of the quarter prior to the date of distribution) to be distributed on pro rata basis in accordance with their respective Priority Membership Percentage Interests. The cumulative Unpaid Preferred Return shall not be compounded but shall include the Unpaid Preferred Return for the current calendar year as well as the aggregate amount of the Unpaid Preferred Return for all prior calendar years. Distributions made pursuant to this Section shall not be applied to reduce the Unreturned Capital Contribution of a Member.
- ii. Second, after the Members have been paid distributions equal to the cumulative Unpaid Preferred Return for the current and all prior calendar years on their Unreturned Capital Contributions, without any compounding, then Distributions shall be made 60% to the Members (including the Manager) on a pro rata basis and 40% to the Manager, as reflected in the respective Residual Membership Percentage Interests of the Members and the Manager. Distributions, if any, pursuant to this Section shall be made annually within 90 days after the end of each calendar year. Such

Distributions under this Section shall not be applied to reduce a Member's Unreturned Capital Contribution.

Distributions to Investors from a Capital Transaction.

5.1.2 Distributions of Net Proceeds from a Capital Transaction (sale or financing or other Capital Transactions), as determined by the Manager in their sole discretion, shall be made to the Members and the Managers in the following order of priority:

- i. First, to the Members (including the Manager) in an amount equal to the sum of their Unpaid Preferred Return on a cumulative basis for the current and all prior calendar years, without any compounding (calculated to the date of such distribution), to be distributed on a pro rata basis in accordance with their respective Priority Membership Percentage Interests. Distributions made pursuant to this Section shall not be applied to reduce a Member's Unreturned Capital Contribution
- ii. Second, after the Members have been paid Distributions equal to the cumulative Unpaid Preferred Return for the current and all prior calendar years on their Unreturned Capital Contributions, without any compounding, Distributions shall be made to the Members (including the Manager) on a pro rata basis in accordance with the respective Priority Membership Percentage Interests until the Unreturned Capital Contributions of all of the Members has been reduced to zero. Such Distributions under this Section shall be applied to reduce a Member's Unreturned Capital Contribution.
- iii. Third, after the Unreturned Capital Contribution of all of the Members has been reduced to zero, all other remaining cash available for Distribution shall be distributed to the 60% to the Members on a pro rata basis and 40% to the Manager, as reflected in the Residual Membership Percentage Interests of the Members.

Notwithstanding the above, net proceeds from the sale or refinancing of the Properties may also be used for the working capital needs of the Company and/or the acquisition of another Property and/or Property Interest.

5.2 Once the aggregate number of Units acquired by the Members are finalized after the Offering Termination Date, as such may be extended, then the Manager shall cause an Exhibit to this Agreement to be prepared which reflects the Priority Membership Percentage Interests & Residual Membership Percentage Interests of the Members in accordance with the provision of this Section 5.1 (such Exhibit is referred to as the "**Ownership Exhibit**"). Such Ownership Exhibit, once prepared by the Manager, shall be deemed to be part of this Operating Agreement and to reflect the Priority Membership Percentage Interests & Residual Membership Percentage Interests of the Member.

5.3 Restrictions. The Company intends to make periodic Distributions of substantially all cash determined by the Manager to be distributable, subject to the following: (i) Distributions may be restricted or suspended for periods when the Manager determines in its reasonable discretion that it is in the best interest of the Company; (ii) all Distributions are subject to the payment, and the maintenance of reasonable reserves for payment, of Company obligations and (iii) subject to the provisions of Section 14.2, upon a Property being sold or refinanced, the Manager may, in its sole discretion, reinvest cash from the sale, exchange or refinance of a Property in a new Property.

5.4 Tax Distributions. Notwithstanding the provisions set forth in Section 5, the Company may, at the option of the Manager, make Distributions to the Manager prior to making the Distributions set forth in Section 5.1.1, to the extent such Distributions are needed to pay any income taxes associated with allocations of Net Income set forth in Section 4.1. Any such Distribution shall reduce subsequent Distributions to be made to the Manager pursuant to Section 5.1. In addition, in the event that the Company reinvests the proceeds from the sale of any Property as provided in Section 5.1.3 above, the Company may, at the option of the Manager, make Distributions to the Members and the Manager to the extent such Distributions are needed to pay any income taxes associated with the allocations of Net Income set forth in Section 4.1. Any such Distribution shall reduce subsequent Distributions to be made to the Members and Manager pursuant to Section 5.1.

6. Compensation to the Manager and its Affiliates.

6.2 Manager's and Affiliates' Compensation. The Manager and its Affiliates shall receive compensation from the Company for services rendered or to be rendered only as specified in this Agreement. Any agreements that the Company enters into with an Affiliate of the Manager will be at arm's length, market terms.

6.1.1 The Asset Manager shall be entitled to receive an acquisition fee in an amount up to 4% of the purchase price of each Property ("**Acquisition Fee**") which will be paid either (i) from working capital of the Company or (ii) from Offering proceeds. Notwithstanding the foregoing, if the Asset Manager also receives a real estate commission on the purchase of a Property, the Acquisition Fee will be reduced to the extent that the combination of the Acquisition Fee and the real estate commission would exceed 4% of the purchase price of such Property. To the extent an Affiliate of the Manager transfers a Property to the Company or an entity in which the Company is a member, there will only be one Acquisition Fee to be paid or in connection the acquisition of any Property.

6.1.2 The Asset Manager shall be entitled to receive an annual property asset management fee in an amount equal to 1.5% of the gross rents collected from the Properties ("**Asset Management Fee**"). Such Asset Management Fee shall be paid in monthly installments.

6.1.3 The Asset Manager will enter into property management agreements with respect to each Property and will receive a property management fee equal to then current market rates (the "**Property Management Fee**"). In the event a sub manager is engaged with respect to any Property, any fee paid to such sub manager will be paid out of the Property Management Fee

(which fee to the sub manager may be lower than the Property Management Fee paid to the Asset Manager).

6.1.4 The Asset Manager shall be entitled to receive leasing commissions equal to then current market rates (“**Leasing Commissions**”) and not less than the amount due to any outside broker with respect to any particular Property lease. Any leasing fees due outside brokers will be paid out of the Leasing Commissions.

6.1.5 The Asset Manager shall be entitled to receive a construction management fee equal to 5% of the amount of any contract of \$25,000 or greater (including related professional services) expended for construction, tenant improvement or repair projects with respect to a Property, except as to elevator improvements, the construction management fee shall be based on 1% of such costs (“**Construction Management Fee**”). In the event that a tenant completes its own tenant improvements, the Construction Management Fee paid to the Asset Manager will be 2% of the amount expended for such tenant improvement.

6.1.6 The Asset Manager shall be entitled to receive a financing fee in an amount up to 1% of the amount of any financing or refinancing obtained with respect to the Properties (“**Financing Fee**”). In the event that an outside broker is due a fee with respect to any financing or refinancing, the Company will be responsible for paying such outside broker in addition to the Financing Fee paid to the Asset Manager, provided in any event the total Financing Fee paid to the Asset Manager and an outside broker shall not exceed 1% of the loan amount. There will be no financing fees charged to the Company for any unsecured loans made to the Company by the Manager and/or its Affiliates.

6.1.7 The Asset Manager shall be entitled to receive a sales brokerage fee (which shall include all third party and internal sale brokerage fees) upon the sale, exchange or other disposition of each Property to a third party purchaser, in an amount up to 6% of the gross sales price of the applicable Property (“**Sales Brokerage Fee**”). All brokerage fees due with respect to the sale of the applicable Property will be paid as part of this Sales Brokerage Fee.

6.1.8 The Asset Manager or an Affiliate thereof shall be entitled to receive a guaranty fee in connection with any debt of the Company or any debt secured by any of the Properties that is personally guaranteed by a principal or such Affiliate of the Asset Manager in an amount up to four percent (4%) of the principal amount of the applicable loan (the “**Guaranty Fee**”).

6.2 Company Expenses.

6.2.1 Operating Expenses. Subject to the limitations set forth in Section 6.2.2, the Company shall pay directly, or reimburse the Manager as the case may be, for all of the costs and expenses of the Company’s operations, including, without limitation, the following costs and expenses: (i) all Organization and Offering Expenses advanced or otherwise paid by the Manager; (ii) all costs of personnel employed by the Company and directly involved in the Company’s business; (iii) all compensation due to the Manager or its Affiliates; (iv) all costs of personnel employed by the Manager or its Affiliates and directly involved in the business of the Company; (v) all costs of borrowed money, taxes and assessments on the Property and other taxes applicable

to the Company; (vi) legal, accounting, audit, brokerage, and other fees; (vii) fees and expenses paid to independent contractors, mortgage bankers, real estate brokers, and other agents; (viii) costs of leasing, acquiring, owning, developing, constructing, improving, operating, and disposing of a Property; (ix) expenses incurred in connection with the development, construction, alteration, maintenance, repair, remodeling, refurbishment, leasing and operation of Property; (x) all expenses incurred in connection with the maintenance of Company books and records, the preparation and dissemination of reports, tax returns or other information to the Members and the making of Distributions to the Members; (xi) expenses incurred in preparing and filing reports or other information with appropriate regulatory agencies; (xii) expenses of insurance as required in connection with the business of the Company, other than any insurance insuring the Manager against losses for which it is not entitled to be indemnified under Section 7.8; (xiii) costs incurred in connection with any litigation in which the Company may become involved, or any examination, investigation, or other proceedings conducted by any regulatory agency, including legal and accounting fees; (xiv) the actual costs of goods and materials used by or for the Company; (xv) the costs of services that could be performed directly for the Company by independent parties such as legal, accounting, secretarial or clerical, reporting, transfer agent, data processing and duplicating services but which are in fact performed by the Manager or its Affiliates, but not in excess of the amounts which the Company would otherwise be required to pay to independent parties for comparable services in the same geographic locale; (xvi) expenses of Company administration, accounting, documentation and reporting; (xvii) expenses of revising, amending, modifying, or terminating this Agreement; (xviii) all other costs and expenses incurred in connection with the Company's business, including travel to and from the Properties; and (xix) all other costs and expenses incurred in connection with the business of the Company exclusive of those set forth in Section 6.2.2. Notwithstanding anything to the contrary contained herein, the above reimbursement of the Manager's costs and expenses shall not include the reimbursement or payment to the Manager and/or the Asset Manager for the salaries of their employees and/or employee work product.

6.2.2 Manager Overhead. Except as set forth in this Section 6, the Manager and its Affiliates shall not be reimbursed for overhead expenses incurred in connection with the Company, including but not limited to rent, depreciation, utilities, capital equipment and other administrative items.

6.2.3 Acquisition Expenses. Notwithstanding Section 6.2.2, the Manager and its Affiliates will be reimbursed for all costs expended in the acquisition and due diligence of the Properties and potential Properties, including down payments, closing costs, travel, legal, environmental assessments, property condition reports and other studies, surveys, escrow deposits and costs, plus interest at the Manager's cost of funds on advances made for the above purposes.

6.2.4 Retention of Third-Party Fund Administrator. The Fund may retain a third-party administrator to provide certain administrative services for the Fund, including but not limited to, those relating to: i) processing subscriptions; ii) payment of commission to broker dealers; iii) the calculation and disbursement of distributions to investors; iv) processing requests for assignment and/or redemption of membership interests; v) management of member changes (e.g.: change of address, distribution method and contact information); vi) OFAC checks for Investors as part of their subscription process, and vii) monitoring the investor portal. It is estimated, but not guaranteed, that the Fund will pay approximately \$50,000 per annum (subject to be increased over the term of the Fund).

7. Authority, and Responsibilities of the Manager.

7.1 Management. The business and affairs of the Company shall be managed by its Manager. Except as otherwise set forth in this Agreement, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. The Company shall have one Manager which shall be Time Equities Management VII, LLC. The Manager shall hold office until such Manager is removed or withdraws or resigns as set forth in this Agreement.

7.2 Manager Authority. The Manager shall have all authority, rights and powers conferred by law (subject to Section 7.3 and Section 8.2, if required) and those required or appropriate to the management of the Company's business, which, by way of illustration but not by way of limitation, shall include the right, authority and power to cause the Company to:

7.2.1 Take all actions as the buyer of the Properties either directly or through special purpose entities;

7.2.2 Enter into any limited liability company agreement, partnership agreement, tenants in common agreements or other operating agreement with a joint venture partner;

7.2.3 Acquire, hold, develop, lease, rent, operate, sell, exchange, subdivide and otherwise dispose of a Property;

7.2.4 Borrow money, and, if security is required therefor, to pledge or mortgage or subject Property to any security device, to obtain replacements of any mortgage or other security device and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage or other security device. All of the foregoing shall be on such terms and in such amounts as the Manager, in its sole discretion, deems to be in the best interest of the Company;

7.2.5 Obtain preferred equity for a Property, whereby the preferred equity investor or member shall be entitled to a priority for distributions as to the payment of their preferred return and the repayment of their unreturned preferred capital contributions. All of the foregoing shall be on such terms in such amounts as the Manager, in its sole discretion, deems in the best interest of the Company;

7.2.6 Make loans on a secured or unsecured basis, for a Property, with a floating or fixed interest rate. Except as to the minimum interest rate, all of the other terms of such loans to be made by the Company for a Property, shall be based on such terms were deemed appropriate by the Manager in its sole discretion.

7.2.7 Place record title to, or the right to use, Property in the name or names of a nominee or nominees for any purpose convenient or beneficial to the Company;

7.2.8 Enter into such contracts and agreements as the Manager determines to be reasonably necessary or appropriate in connection with the Company's business and purpose (including contracts with Affiliates of the Manager), and any contract of insurance that the

Manager deems necessary or appropriate for the protection of the Company and the Manager, including errors and omissions insurance, for the conservation of Company assets, or for any purpose convenient or beneficial to the Company;

7.2.9 Employ persons, who may be Affiliates of the Manager, in the operation and management of the business of the Company;

7.2.10 Prepare or cause to be prepared reports, statements, and other relevant information for distribution to the Members;

7.2.11 Open accounts and deposit and maintain funds in the name of the Company in banks, savings and loan associations, “**money market**” mutual funds and other instruments as the Manager may deem in its discretion to be necessary or desirable;

7.2.12 Cause the Company to make or revoke any of the elections referred to in the Code (the Manager shall have no obligation to make any such elections);

7.2.13 Select as the Company’s accounting year a calendar or fiscal year as may be approved by the Internal Revenue Service (the Company initially intends to adopt the calendar year);

7.2.14 Determine the appropriate accounting method or methods to be used by the Company;

7.2.15 In addition to any amendments otherwise authorized herein, amend this Agreement without any action on the part of the Members by special or general power of attorney or otherwise:

(a) To add to the representations, duties, services or obligations of the Manager or its Affiliates, for the benefit of the Members;

(b) To cure any ambiguity or mistake, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Agreement that will not be inconsistent with the provisions of this Agreement;

(c) To amend this Agreement to reflect the addition or substitution of the Members or the reduction of the Capital Accounts upon the return of capital to the Members;

(d) To minimize the adverse impact of, or comply with, any final regulation of the United States Department of Labor, or other federal agency having jurisdiction, defining “**plan assets**” for ERISA purposes;

(e) To reconstitute the Company under the laws of another state if beneficial;

(f) To execute, acknowledge and deliver any and all instruments to effectuate the foregoing, including the execution, acknowledgment and delivery of any such

instrument by the attorney-in-fact for the Manager under a special or limited power of attorney, and to take all such actions in connection therewith as the Manager shall deem necessary or appropriate with the signature of the Manager acting alone; and

(g) To make any changes to this Agreement as requested or required by any lender or potential lender which may be required to obtain financing including, but not limited to, complying with any special purpose entity requirements.

7.2.16 Require in any Company contract that the Manager shall not have any personal liability, but that the Person contracting with the Company is to look solely to the Company and its assets for satisfaction;

7.2.17 Lease personal property for use by the Company;

7.2.18 Establish reserves from income in such amounts as the Manager may deem appropriate;

7.2.19 Temporarily invest the proceeds from sale of Units in short-term, highly-liquid investments;

7.2.20 Make secured or unsecured loans to the Company and receive interest at the rates set forth herein;

7.2.21 Represent the Company and the Members as the “**Partnership Representative**” within the meaning of the Code in discussions with the Internal Revenue Service regarding the tax treatment of items of Company income, loss, deduction or credit, or any other matter reflected in the Company’s returns, and, if deemed in the best interest of the Members, to agree to final Company administrative adjustments or file a petition for a readjustment of the Company items in question with the applicable court;

7.2.22 Offer and sell Units through any licensed Affiliate of the Manager, or licensed non-affiliate, and to employ licensed personnel, agents and dealers for such purpose;

7.2.23 Redeem or repurchase Units or suspend such transactions on behalf of the Company on such terms and conditions determined by the Manager (subject to the provisions of Sections 11.8 – 11.10).

7.2.24 Hold an election for a successor Manager before the resignation, removal or dissolution of the Manager;

7.2.25 Initiate legal actions, settle legal actions and defend legal actions on behalf of the Company;

7.2.26 Admit itself as a Member;

7.2.27 Enter into any transaction with any partnership or venture;

7.2.28 Collapse a tenancy in common, which owns a Property, into a new limited liability company or into one of the existing tenant in common owners for such Property;

7.2.29 Intentionally Omitted;

7.2.30 Place all or a portion of a Property in a single purpose or bankruptcy remote entity, or otherwise structure or restructure the Company to accommodate any financing for all or a portion of a Property;

7.2.31 Appoint officers of the Company as set forth in Section 7.11;

7.2.32 Borrow money and grant security interests or encumber or otherwise encumber the Company's assets or property (including pledging such assets), and prepay, refinance, or extend any mortgage or other loan affecting the Company's property or assets owned;

7.2.33 Prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals, or modifications of such mortgages or deeds of trust;

7.2.34 Make all decisions and enter into all documents for any modification or amendment of any existing loan to the Company or on the Company's property or assets (including the terms of any workout with any existing lender for the Company's property or assets), including negotiating with a lender to accept a deed in lieu of foreclosure or allowing a lender to foreclose on all assets or property of the Company;

7.2.35 Perform any and all other acts which the Manager is obligated to perform hereunder; and

7.2.36 Execute, acknowledge and deliver any and all instruments to effectuate the foregoing and all transactions and actions described in, or contemplated by, the Memorandum, and take all such actions in connection therewith as the Manager may deem necessary or appropriate. Any and all documents or instruments may be executed on behalf of and in the name of the Company by the Manager.

Notwithstanding anything to the contrary contained in this Section 7.2, the Manager shall not sell any Property owned by the Company to an Affiliate of the Manager.

7.3 Restrictions on Manager's Authority. Neither the Manager nor any of its Affiliates shall have authority, without a Majority Vote, to:

7.3.1 Enter into contracts with the Company that would bind the Company after the removal, or other cessation to exist of the Manager, or to continue the business of the Company after the occurrence of such event;

7.3.2 Use or permit any other person to use Company funds or assets in any manner except for the exclusive benefit of the Company;

7.3.3 Alter the primary purpose of the Company;

7.3.4 Receive from the Company a rebate or give-up or participate in any reciprocal business arrangements which would enable it or any Affiliate to do so;

7.3.5 Admit another Person as the Manager, except with the consent of the Members as provided in this Agreement;

7.3.6 Commingle the Company funds with those of any other person or entity, except for: (i) the temporary deposit of funds in a bank checking account with the fund administrator as to the receipt of subscription payments and/or for the sole purpose of making Distributions immediately thereafter to the Members and the Manager, or (ii) funds attributable to the Properties and held for use in the management and operations of the Properties; or

7.3.7 Directly or indirectly pay or award any finder's fees, commissions or other compensation to any person engaged by a potential investor for investment advice as an inducement to such advisor to advise the purchaser regarding the purchase of Units; provided, however, that the Manager shall not be prohibited from paying underwriting or marketing commissions, or finder's or referral fees to registered broker-dealers or other properly licensed persons for its services in marketing Units as provided for in this Agreement.

The Manager and/or its Affiliates shall be excluded for the purpose of calculating the Majority Vote requirement under Section 7.3.

7.4 Responsibilities of the Manager. The Manager shall:

7.4.1 Have a fiduciary responsibility for the safekeeping and use of all the funds and assets of the Company;

7.4.2 Devote such of its time and business efforts to the business of the Company as it shall in its discretion, exercised in good faith, determine to be necessary to conduct the business of the Company;

7.4.3 File and publish all certificates, statements, or other instruments required by law for formation, qualification and operation of the Company and for the conduct of its business in all appropriate jurisdictions;

7.4.4 Cause the Company to be protected by public liability, property damage and other insurance determined by the Manager in its discretion to be appropriate to the business of the Company;

7.4.5 At all times use its best efforts to meet applicable requirements for the Company to be taxed as a partnership and not as an association taxable as a corporation; and

7.4.6 Amend this Agreement to reflect the admission of the Members, without any action on the part of the Members, (other than their signature for the Operating Agreement) not later than 90 days after the date of admission or substitution.

7.5 Administration of Company. So long as it is the Manager and the provisions of this Agreement for compensation and reimbursement of expenses of the Manager are observed,

the Manager shall have the responsibility of providing continuing administrative and executive support, advice, consultation, analysis and supervision with respect to the functions of the Company, including decisions regarding development or refinancing and sale or other disposition of the Properties, and compliance with federal, state and local regulatory requirements and procedures. In this regard, the Manager may retain the services of its Affiliates or unaffiliated parties as the Manager may deem appropriate to provide management and financial consultation and advice, and may enter into agreements for the management and operation of Company assets.

7.6 Partnership Representative.

7.6.1 The Manager shall act as the partnership representative of the Company pursuant to Code Section 6223(a) (the “**Partnership Representative**”). In accordance with the Partnership Tax Audit Rules, Manager acting unanimously shall have the authority to remove and replace the Partnership Representative and designate such Person’s successor. The Partnership Representative shall keep the Members informed by written notice of any audit, administrative or judicial proceedings, meetings or conferences with the Internal Revenue Service or applicable state taxing authorities, or other similar matters that come to its attention in its capacity as Partnership Representative and shall provide copies to each Member of any Internal Revenue Service and state or local tax authority correspondence pertaining to a company audit or other tax proceeding. Furthermore, the Members shall have the right to attend and jointly participate in any meetings or conferences with a taxing authority at their own expense.

7.6.2 Except as provided in this Agreement, the Partnership Representative is authorized and required to represent the Company (at the Company’s expense) in connection with all examinations of the Company’s affairs by taxing authorities, including administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith, provided, however, that the Partnership Representative shall take the following actions only with the consent of the Manager:

- (i) Extend the Statute of Limitations. Enter into any agreement with the IRS to extend the period for assessing any U.S. federal income tax that is attributable to any item that may be the subject of an audit of a U.S. federal income tax return of the Company;
- (ii) Settle. Settle any audit or agree to a notice of final partnership adjustment with respect to any Company tax return with the IRS concerning the adjustment of any Company item;
- (iii) Litigate. Commence or settle any Tax Court case or other judicial or administrative proceeding with respect to any Company tax return; and
- (iv) Forego Section 6226 Election. Fail to make (if such election is available) the election provided in Section 6226 of the Code with respect to an “imputed underpayment” described in Section 6225(b) of the Code.

7.6.3 Except as otherwise permitted pursuant to this Agreement, the Company shall elect the alternative procedure under Code Section 6226 within 45 days of issuance of any notice of final partnership adjustment to the Company, and shall furnish to the Internal Revenue Service and each Member during the year or years to which the notice of final partnership adjustment relates a statement of the Member's share of any adjustment set forth in the notice of final partnership adjustment.

7.6.4 Each Member agrees that such Member shall not treat any Company item inconsistently on such Member's federal, state, foreign or other income tax return with the treatment of the item on the Company's return. Any deficiency for taxes imposed on or with respect to any items allocated to any Member (including penalties, additions to tax or interest imposed with respect to such taxes and any taxes imposed pursuant to Code Section 6226) shall be paid by such Member.

7.6.5 The provisions of this Section 7.6 shall survive the termination of the Company or the termination of any Member's interest in the Company and shall remain binding on the Members and the Partnership Representative for as long a period of time as is necessary to resolve with the Internal Revenue Service any and all matters regarding the federal income taxation of the Company or Members.

7.7 Indemnification of the Manager and Officers.

7.7.1 The Manager, its shareholders, Affiliates, officers, directors, partners, manager, members, employees, agents and assigns and any officers of the Company, shall not be liable for, and shall be indemnified and held harmless (to the extent of the Company's assets) from, any loss or damage incurred by them, the Company or the Members in connection with the business of the Company and for any action taken or failure to act on behalf of the Company within the scope of authority conferred upon the Manager by this Agreement or by law, including costs and reasonable attorneys' fees and any amounts expended in the settlement of any claims of loss or damage resulting from any act or omission performed or omitted in good faith, which shall not constitute fraud, gross negligence or willful misconduct, pursuant to the authority granted, to promote the interests of the Company. Moreover, neither the Manager nor any officer of the Company shall be liable to the Company or the Members because any taxing authorities disallow or adjust any deductions or credits in the Company income tax returns. Other than as set forth in this Agreement, the Manager shall have no other obligations to the Company or the Members. The above indemnification shall cover any obligation, liability costs or expense (including reasonable attorneys' fees) incurred by the Manager, its Affiliates and/or any of their principals or the co-managers of the Manager as to any guaranty or environmental indemnity executed by any of such parties in connection with a loan for a Property.

7.7.2 Notwithstanding Section 7.7.1, the Company shall not indemnify any Manager or Member, shareholder, director, officer or other employee thereof, for liability imposed or expenses incurred in connection with any claim arising out of a violation of the Securities Act of 1933, or any other federal or state securities law, with respect to the offer and sale of the Units. Indemnification will be allowed for settlements and related expenses in lawsuits alleging securities law violations, and for expenses incurred in successfully defending such lawsuits, provided that (i) the Manager is successful in defending the action; (ii) the indemnification is specifically

approved by the court of law which shall have been advised as to the current position of the Securities and Exchange Commission (as to any claim involving allegations that the Securities Act of 1933 was violated) or the applicable state authority (as to any claim involving allegations that the applicable state's securities laws were violated); or (iii) in the opinion of counsel for the Company, the right to indemnification has been settled by controlling precedent.

7.8 No Personal Liability for Return of Capital. The Manager shall not be personally liable or responsible for the return or repayment of all or any portion of the Capital Contribution of any Member or any loan made by any Member to the Company, it being expressly understood that any such return of capital or repayment of any loan shall be made solely from the assets (which shall not include any right of contribution from any Member) of the Company.

7.9 Authority as to Third Persons.

7.9.1 No third party dealing with the Company shall be required to investigate the authority of the Manager or officers of the Company or secure the approval or confirmation by any Member of any act of the Manager in connection with the Company's business. No purchaser of any Property owned by the Company shall be required to determine the right to sell or the authority of the Manager to sign and deliver any instrument of transfer on behalf of the Company, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith.

7.9.2 The Manager shall have full authority to execute on behalf of the Company any and all agreements, contracts, conveyances, deeds, mortgages and other instruments, and the execution thereof by the Manager, executing on behalf of the Company shall be the only execution necessary to bind the Company thereto. Any officer appointed by resolution of the Manager pursuant to Section 7.10 shall have full authority to execute on behalf of the Company any agreements, contract, conveyances, deeds, mortgages and other instruments, to the extent such authority is delegated by the Manager to such officer, and the execution thereof by such officer, executing on behalf of the Company shall be the only execution necessary to bind the Company thereto. No signature of any Member shall be required.

7.9.3 The Manager shall have the right by separate instrument or document to authorize one or more individuals or entities to execute leases and lease-related documents on behalf of the Company and any leases and documents executed by such agent shall be binding upon the Company as if executed by the Manager.

7.10 Officers of the Company.

7.10.1 The Manager, in its sole discretion, may appoint officers of the Company at any time. The officers of the Company, if appointed by resolution of the Manager, may include a president, vice president, secretary, and treasurer. The officers shall serve at the discretion of the Manager. Any individual may hold any number of offices. The Manager's officers may serve as officers of the Company if appointed by resolution of the Manager. The officers shall exercise such powers and perform such duties as determined and authorized by the Manager.

7.10.2 Any officer may be removed, either with or without cause, by the Manager at any time. Any officer may resign at any time by giving written notice to the Manager. Any

resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

7.11 Loan Guaranties by Manager and its Affiliates. In the event that the Manager, its Affiliates or any of the co-managers of the Manager or other Principals (in their capacity as guarantor, collectively, the “**Guarantors**”) are required, or agree, to enter into personal guaranties (including, without limitation, environmental indemnities) with respect to any loan related to a Property or otherwise in order to benefit the Company, the following shall apply:

7.11.1 The Guarantors shall not, in their capacity as guarantor of any loan, be obligated to take any action which would result in the Guarantors becoming personally liable for any liabilities of the Company and/or any entity in which the Company owns an interest and which owns an interest in a Property (a “**Borrowing Entity**”) arising under any loan documents to which the Company or any Borrowing Entity is a party, notwithstanding that the failure to take any such action might result in the total or partial loss of the Company’s interest in some or all of the Company’s interests in the Properties. Such action may include transferring a Property to a lender pursuant to a deed in lieu of foreclosure.

7.11.2 The Guarantors may take any action which would result in such Guarantor avoiding becoming personally liable for any liabilities of the Company or a Borrowing Entity arising under any loan document to which the Company or a Borrower Entity is a party, notwithstanding that the taking of any such action might result in the total or partial loss of the Company’s interest in some or all of the Company’s Property.

7.11.3 To the extent any of the terms of this Agreement or any laws controlling the obligations of the Manager to the Members are inconsistent with any of the provisions of this Section 7.11, the terms of this Section 7.11 shall supersede any such terms or laws.

7.11.4 To the extent any of the provisions of this Section 7.11 are applicable, the taking of such actions or the forbearance of the taking of such actions shall not be deemed to be a violation of any fiduciary duty that might otherwise be owed by the Manager to the Company or the Members, notwithstanding any other term of this Agreement or any law applicable to the Company.

8. Rights, Authority and Voting of the Members.

8.1 Members Are Not Agents. Pursuant to Section 7, the management of the Company is vested in the Manager. No Member, acting solely in the capacity of a Member, is an agent of the Company nor can any Member in such capacity bind nor execute any instrument on behalf of the Company.

8.2 Voting by the Members. Members shall be entitled to cast one vote for each Unit they own. Except as otherwise specifically provided in this Agreement, Members (but not Economic Interest Owners) shall have the right to vote only upon the following matters:

8.2.1 Removal of a Manager as provided in Section 9.2;

8.2.2 Admission of the Manager or election to continue the business of the Company after the Manager ceases to be the Manager when there is no remaining Manager;

8.2.3 Amendment of this Agreement (unless otherwise provided for herein); and

8.2.4 Any merger or combination of the Company or roll-up of the Company.

8.3 Member Vote; Consent of Manager. Except for the Majority Votes of the Units required pursuant to Sections 8.2.1, 8.2.2, 8.2.3, 8.2.4, 8.4.3, 9.1, 9.2, 9.3.1, 9.4, 10.1, 10.1.3, 10.1.4 and 17.2 or as specifically provided in this Agreement which provisions shall only require a Majority Vote, matters upon which the Members may vote shall require a Majority Vote and the consent of the Manager to pass and become effective.

8.4 Meetings of the Members. The Manager may at any time call for a meeting of the Members, or for a vote without a meeting, on matters on which the Members are entitled to vote, and shall call for such a meeting (but not a vote without a meeting) following receipt of a written request therefor of Members holding more than 10 percent of the Units entitled to vote as of the record date. Within 20 days after receipt of such request, the Manager shall notify all Members of record of the record date of the Company meeting.

8.4.1 Notice. Written notice of each meeting shall be given to each Member entitled to vote, either personally or by mail or other means of written communication, charges prepaid, addressed to such Member at its address appearing on the books of the Company or given by it to the Company for the purpose of notice or, if no such address appears or is given, at the principal executive office of the Company, or by publication of notice at least once in a newspaper of general circulation in the county in which such office is located. All such notices shall be sent not less than 10, nor more than 60, days before such meeting. The notice shall specify the place, date and hour of the meeting and the general nature of business to be transacted, and no other business shall be transacted at the meeting.

8.4.2 Adjourned Meeting and Notice Thereof. When a Members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.

8.4.3 Quorum. The presence in person or by proxy of the persons entitled to vote a majority of the Units shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a Majority Vote or such greater vote as may be required by this Agreement or by law. In the absence of a quorum, any meeting of Members may be adjourned from time to time by the vote of a majority of the Units represented either in person or by proxy, but no other business may be transacted, except as provided above.

8.4.4 Consent of Absentees. The transactions of any meeting of Members, however called and noticed and wherever held, are as valid as though they occurred at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of the meeting or an approval of the minutes thereof. All waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting.

8.4.5 Action Without Meeting. Except as otherwise provided in this Agreement, any action which may be taken at any meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all entitled to vote thereon were present and voted. In the event the Members are requested to consent on a matter without a meeting, each Member shall be given not less than 10, nor more than 60 days' notice. In the event the Manager or Members representing more than 10% of the Units, request a meeting for the purpose of discussing or voting on the matter, the notice of a meeting shall be given in the same manner as required by Section 8.4.1 and no action shall be taken until the meeting is held. Unless delayed as a result of the preceding sentence, any action taken without a meeting will be effective 5 days after the required minimum number of voters have signed the consent; however, the action will be effective immediately if the Manager and Members representing at least 60% of the Units have signed the consent.

8.4.6 Record Dates. For purposes of determining the Members entitled to notice of any meeting or to vote or entitled to receive any Distributions or to exercise any rights in respect of any other lawful matter, the Manager (or Members representing more than 10% of the Units if the meeting is being called at their request) may fix in advance a record date, which is not more than 60 nor less than 10 days prior to the date of the meeting nor more than 60 days prior to any other action. If no record date is fixed:

(a) The record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held;

(b) The record date for determining Members entitled to give consent to Company action in writing without a meeting shall be the day on which the first written consent is given;

(c) The record date for determining Members for any other purpose shall be at the close of business on the day on which the Manager adopts it, or the 60th day prior to the date of the other action, whichever is later; and

(d) A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting unless the Manager, or the Members who requested the meeting fix a new record date for the adjourned meeting, but the Manager, or such Members, shall fix a new record date if the meeting is adjourned for more than 45 days from the date set for the original meeting.

8.4.7 Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Manager. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy continues in full force and effect until revoked as specified or unless it states that it is irrevocable. A proxy which states that it is irrevocable is irrevocable for the period specified therein.

8.4.8 Chairman of Meeting. The Manager may select any person to preside as chairman of any meeting of the Members, and if such person shall be absent from the meeting, or fail or be unable to preside, the Manager may name any other person in substitution therefor as chairman. The chairman of the meeting shall designate a secretary for such meeting, who shall take and keep or cause to be taken and kept minutes of the proceedings thereof. The conduct of all Members' meetings shall at all times be within the discretion of the chairman of the meeting and shall be conducted under such rules as he may prescribe. The chairman shall have the right and power to adjourn any meeting at any time, without a vote of the Units present in person or represented by proxy, if the chairman shall determine such action to be in the best interests of the Company.

8.4.9 Inspectors of Election. In advance of any meeting of Members, the Manager may appoint any persons other than nominees for the Manager or other office as the inspector of election to act at the meeting and any adjournment thereof. If an inspector of election is not so appointed, or if any such person fails to appear or refuses to act, the Chairman of any such meeting may, and on the request of any Member or his proxy shall, make such appointment at the meeting. The inspector of election shall determine the number of Units outstanding and the voting power of each, the Units represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all Members.

8.4.10 Record Date and Closing Company Books. When a record date is fixed, only Members of record on that date are entitled to notice of and to vote at the meeting or to receive a Distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any Units on the books of the Company after the record date.

8.5 Rights of Members. No Member shall have the right or power to: (i) withdraw or reduce his or her contribution to the capital of the Company, except as a result of the dissolution and termination of the Company or as otherwise provided in this Agreement or by law; (ii) bring an action for partition against the Company; or (iii) demand or receive property other than cash in return for his Capital Contribution. Except as provided in this Agreement, no Member shall have priority over any other Member either as to the return of Capital Contributions or as to allocations of the Net Income, Net Loss or Distributions of the Company. Other than upon the termination and dissolution of the Company as provided by this Agreement, there has been no time agreed upon when the contribution of each Member (other than the Initial Member) is to be returned.

8.6 Restrictions on the Members. No Member shall:

8.6.1 Disclose to any non-Member other than their lawyers, accountants or consultants and/or commercially exploit any of the Company's business practices, trade secrets or any other information not generally known to the business community, including the identity of suppliers utilized by the Company;

8.6.2 Do any other act or deed with the intention of harming the business operations of the Company; or

8.6.3 Do any act contrary to this Agreement.

8.7 Return of Capital of Member. In accordance with the Act, a Member may, under certain circumstances, be required to return to the Company, for the benefit of the Company's creditors, amounts previously distributed to the Member. If any court of competent jurisdiction holds that any Member is obligated to make any such payment, such obligation shall be the obligation of such Member and not of the Company, the Manager or any other Member.

8.8 Indemnification of Members. The Company shall indemnify, protect, defend and hold harmless the Members, in their capacity as Members (as opposed to the Manager which is indemnified pursuant to Section 7.7 in its capacity as a Manager), and their agents, employees, members, general partners and Affiliates and its and their respective successors and assigns, from and against any loss, liability, damage, cost or expense (including legal fees and expenses incurred in defense of any demands, claims or lawsuits) arising from actions or omissions concerning business or activities undertaken by or on behalf of the Company from any source. The Company shall advance to any Person entitled to indemnification pursuant to this Section such funds as shall be required to pay legal fees and expenses incurred in defense of any demands, claims or lawsuits as they become due. Notwithstanding the foregoing, if the claim for indemnification is in connection with an action against the Company, or against another Indemnified Party by the person requesting the indemnification, the Company shall have no such obligation to advance any funds for the payment of legal fees and expenses. The obligations contained herein shall survive the termination or expiration of the Agreement until such time as an action against the Members is absolutely barred by the statute of limitations.

8.9 Intentionally Omitted.

8.10 Member Actions Against the Company. In the event that a Member brings an action against the Company or the Manager to enforce any rights a Member may have under this Agreement and the Company or the Manager are found to have violated such Member rights, the Company shall reimburse all of the Member's costs and expenses, including reasonable attorneys' fees, incurred in enforcing its rights hereunder. In the event that a Member brings an action against the Company or the Manager to enforce any rights a Member may have under this Agreement and the Company or the Manager are found not to have violated such Member's rights, the Member shall reimburse the Company or the Manager, as applicable, all of the Company's or the Manager's, as applicable, costs and expenses, including reasonable attorneys' fees, incurred in defending the Member's action which amounts may be withheld from Distributions otherwise due to the Member under this Agreement.

9. Resignation, Withdrawal or Removal of the Manager.

9.1 Resignation or Withdrawal of Manager. Subject to Section 10, the Manager shall not resign or withdraw as the Manager or do any act that would require its resignation or withdrawal without a Majority Vote.

9.2 Removal. The Manager may be removed by a Majority Vote only for (i) fraud, gross negligence or willful misconduct, or (ii) upon the occurrence of an Event of Insolvency of the Manager. Removal of the Manager shall not be effective until the Manager receives in cash the full value of its interest in the Company in the event that Section 9.3.1 is elected.

9.3 Purchase of Manager's Interest; Conversion to Economic Interest. Upon the removal of the Manager, the removed Manager shall elect one of the two following provisions:

9.3.1 Upon the removal of a Manager pursuant to Section 9.2 or its withdrawal with the approval of a Majority Vote: (i) the removed Manager's interest in the Distributions and allocations of Net Income and Net Loss set forth in this Agreement, and (ii) its interest in its right to the earned but unpaid fees and other compensation remaining to be paid under this Agreement, shall be purchased by the Company for a purchase price equal to the aggregate fair market value of the Manager's interest determined according to the provisions of Section 9.4; provided, however, that in the event the Manager is removed as a result of fraud, willful malfeasance or gross negligence as determined by a court of law, the purchase price shall be reduced by any damages caused by any such fraud, willful misconduct or gross negligence. The purchase price of such interest shall be paid by the Company to the Manager in cash within 60 days of the determination of the aggregate fair market value; or

9.3.2 The Manager's interest in the Net Income, Net Loss and Distributions, and assets of the Company will be converted into an Economic Interest which will entitle the Manager to its share of Net Income, Net Loss and Distributions in accordance with this Agreement, but no voting or other rights with respect to management or operation of the Company other than those granted to any assignee. In such event, all earned but unpaid fees shall be paid at the closing.

9.4 Purchase Price of the Manager's Interest. The fair market value of a Manager's interest to be purchased by the Company pursuant to Section 9.3 shall be determined by agreement between the Manager and the Company, which agreement is subject to approval by a Majority Vote. For this purpose, the fair market value of the interest of the terminated Manager shall be computed as the present value of the future amount which could reasonably be expected to be realized by such Manager upon the sale of the Company's assets in the ordinary course of business at the time of removal. If the Manager and the Company cannot agree upon the fair market value of such Company interest within 30 days, the fair market value thereof shall be determined by appraisal, the Company and the terminated Manager each to choose one appraiser and the two appraisers so chosen to choose a third appraiser. The decision of a majority of the appraisers as to the fair market value of such Company interest shall be final and binding and may be enforced by legal proceedings. The terminated Manager and the Company shall each compensate the appraiser appointed by it and the compensation of the third appraiser shall be borne equally by such parties.

10. Assignment of a Manager's Interest.

10.1 Permitted Assignments. Except as otherwise provided in this Agreement, the Manager may not sell or otherwise transfer any part or all of its interest in the Company except with a Majority Vote. If the Members consent to the transfer, the interest may only be sold to the proposed transferee within the time period approved by the Members, or if later, within 90 days of such Majority Vote approving such transfer on the proposed terms and price. All costs of the transfer, including reasonable attorneys' fees (if any), shall be borne by the transferring Manager. The Manager may encumber its interest without the consent of the Members.

10.1.1 Any assignment or transfer of the Manager's interest provided for by this Agreement can be an assignment or transfer of all of its interest or any portion or part of its interest.

10.1.2 Any transfer of all or a part of the Manager's interest may be made only pursuant to the terms and conditions contained in this Section 10.

10.1.3 Any such assignment shall be by a written instrument of assignment, the terms of which are not in contravention of any of the provisions of this Agreement, and which has been duly executed by the assignee of the Manager's interest and accepted by the Members pursuant to a Majority Vote.

10.1.4 The assignor and assignee shall have executed, acknowledged, and delivered such other instruments as the Members pursuant to a Majority Vote, may deem necessary or desirable to effect such substitution of any such proposed transfer, and which shall include the written acceptance and adoption by the assignee of the provisions of this Agreement.

10.2 Substitute Manager. Upon acceptance by the Members of an assignment by the Manager, any assignee of such Manager's interest in compliance with this Section 10 shall be substituted as the Manager.

10.3 Transfer in Violation Not Recognized. Any assignment, sale, exchange or other transfer in contravention of the provisions of this Section 10 shall be void and ineffectual and shall not bind or be recognized by the Company.

10.4 Transfers to Affiliates. Notwithstanding the above, the Manager may assign its interest to an Affiliate without the consent of the Members.

11. Assignment of Units.

11.1 Permitted Assignments. A Member may only sell, assign, hypothecate, encumber or otherwise transfer any part (but not less than the lesser of (i) one Unit or (ii) the Member's entire interest in the Company) or all of his or her Units if the following requirements are satisfied:

11.1.1 The Manager consents in writing to the transfer;

11.1.2 No Member shall sell, transfer, assign or convey or offer to transfer, assign or convey all or any portion of a Unit to any Person who does not possess the financial qualifications required of all persons who become Members, as described in the Memorandum;

11.1.3 No Member shall have the right to transfer any Unit to any minor or to any Person who, for any reason, lacks the capacity to contract for himself under applicable law. Such limitations shall not, however, restrict the right of any Member to transfer any one or more Units to a custodian or a trustee for a minor or other person who lacks such contractual capacity;

11.1.4 The Manager, with advice of counsel, must determine that such transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act of 1933, as amended, and registration or qualification under state securities laws relied upon by the Company and Manager in offering and selling the Units or otherwise violate any federal or state securities laws;

11.1.5 The Manager, with advice of counsel, must determine that, despite such transfer, Units will qualify for one of the safe harbors described in the Treasury Regulations related to the publicly traded partnership rules and will not cause the Company's Units to be deemed to be **"traded on an established securities market"** or **"readily tradable on a secondary market"** (or the substantial equivalent thereof) under the provisions applicable to publicly traded partnership status. In making this determination, the Manager shall be entitled to limit any transfers so that the transfers comply with one of the safe harbors in the Treasury Regulations; provided, however that the Manager may, in its sole discretion and upon receipt of an opinion from counsel that the Company will not be treated as a publicly traded partnership for federal income tax purposes, permit transfers that do not qualify for one of the safe harbors;

11.1.6 Any such transfer shall be by a written instrument of assignment, the terms of which are not in contravention of any of the provisions of this Agreement, and which has been duly executed by the assignor of such Units and accepted by the Manager in writing. Upon such acceptance by the Manager, such an assignee shall take subject to all terms of this Agreement and shall become an Economic Interest Owner;

11.1.7 A transfer fee shall be paid by the transferring Member in such amount as may be required by the Manager to cover all reasonable expenses, including attorneys' fees and lender's fees, connected with such assignment;

11.1.8 The transfer will not result in Employee Benefit Plans owning 25% or more of the Units;

11.1.9 The transfer will not cause a default with respect to any financing obtained by the Company; and

11.1.10 The buyer and the seller shall comply with and use the terms described in the FINRA Uniform Practice Code, if applicable.

11.2 Substituted Member.

11.2.1 Conditions to be Satisfied. No Economic Interest Owner shall have the right to become a Substituted Member unless the Manager shall consent thereto in accordance with Section 11.2.2 and all of the following conditions are satisfied:

(a) A duly executed and acknowledged written instrument of assignment shall have been filed with the Company, which instrument shall specify the number of Units being assigned and set forth the intention of the assignor that the assignee succeed to the assignor's interest as a Substituted Member in his place;

(b) The assignor and assignee shall have executed, acknowledged and delivered such other instruments as the Manager may deem necessary or desirable to effect such substitution, which may include an opinion of counsel regarding the effect and legality of any such proposed transfer, and which shall include: (i) the written acceptance and adoption by the assignee of the provisions of this Agreement and (ii) the execution, acknowledgment and delivery to the Manager of a special power of attorney, the form and content of which are more fully described herein; and

(c) A transfer fee sufficient to cover all reasonable expenses connected with such substitution shall have been paid to the Company.

11.2.2 Consent of Manager. The consent of the Manager shall be required to admit an Economic Interest Owner as a Substituted Member. The granting or withholding of such consent shall be within the sole discretion of the Manager.

11.2.3 Consent of Members. By executing or adopting this Agreement, each Member hereby consents to the admission of additional or Substituted Members, and to any Economic Interest Owner becoming a Substituted Member upon consent of the Manager and in compliance with this Agreement.

11.3 Rights of Economic Interest Member. An Economic Interest Member shall be entitled to receive Distributions from the Company attributable to the Units acquired by reason of such assignment from and after the effective date of the assignment; provided, however, that notwithstanding anything herein to the contrary, the Company shall be entitled to treat the assignor of such Units as the absolute owner thereof in all respects, and shall incur no liability for allocations of Net Income and Net Loss or Distributions, or for the transmittal of reports or other information until the written instrument of assignment has been received by the Company and recorded on its books. The effective date of such assignment shall be the date on which all of the requirements of this Section have been complied with, subject to Section 4.9.

11.4 Right to Inspect Books. Economic Interest Owners shall have no right to inspect the Company's books or records, to vote on Company matters, or to exercise any other right or privilege as Members, until they are admitted to the Company as Substituted Members except as required by the Act.

11.5 Transfer Subject to Law. No assignment, sale, transfer, exchange or other disposition of any Units may be made except in compliance with the applicable governmental laws and regulations, including state and federal securities laws.

11.6 Transfer in Violation Not Recognized. Any assignment, sale, transfer, exchange or other disposition in contravention of the provisions of this Section 11 shall be void and ineffectual and shall not bind or be recognized by the Company.

11.7 Conversion to Economic Interest. Upon the transfer of a Unit in violation of this Agreement, the Membership Interest of a Member shall be converted into an Economic Interest.

11.8 Repurchase or Redemption of Units by the Manager and/or its Affiliates.

11.8.1 Initial Redemption of Units.

(a) After the first full calendar quarter following the funding of an Investor's subscription payment, Investors, on a first come first served basis, at their option, may redeem all or any part of their Unreturned Capital Contributions, subject to the quarterly and annual Redemption Caps, as described below ("**Initial Redemptions**"). Initial Redemptions are not permitted during the first full calendar quarter after Invested Capital is funded.

(b) After the first full calendar quarter following the funding of Invested Capital, the following Redemption Fees, on the amount redeemed, shall be paid to the Fund for Redemptions that occur during the first (1st) through fifth (5th) years (the "**Initial Redemption Right Period**") following the funding of an Investor's initial subscription amount:

Time Period for Redemptions	Amount of Redemption Fee (based on amount of Redemption)
1 st year (months 01-12)	12%
2 nd year (months 13-24)	10%
3 rd year (months 25-36)	7%
4 th year (months 37-48)	5%
5 th year (months 49-60)	2%

(c) Based on the above percentages, the amount of any Redemption Fee paid to the Fund shall be based on the amount of Invested Capital redeemed. The amount of any Redemption Fee will be deducted from the Redemption amount paid to an Investor. After the expiration of Initial Redemption Right Period, Investors may redeem their Unreturned Capital Contributions in accordance with the Repurchase or Redemption of Units following the Initial Redemption Right Period set forth in this Memorandum. The Initial Redemption Right shall be subject to a cap in any particular calendar quarter of 6.25% and 25% during each calendar year (the "**Redemption Cap**"), in each case, based on the total Unreturned Capital Contributions for all of the Members of the Fund in existence during any such applicable calendar quarter and/or calendar year, subject to the standard redemption right set forth herein. The Manager, at its sole

option, may establish a fixed date in such calendar quarter and/or calendar year to establish the aggregate Unreturned Capital Contribution that will be used to establish the applicable quarterly and/or annual Redemption Cap or alternatively may utilize the actual amount of the aggregate Unreturned Capital Contributions of all of the Members on a rolling basis as Redemption requests are received from the Members. Any requests for Redemption which exceeds the Redemption Cap shall be given priority when the first applicable opening occurs for any such Redemption, in whole or in part, which did not previously occur because of the Redemption Cap.

(d) In addition, without any obligation, the Manager and/or designee may allow for a Redemption which involves the transfer of Units, in lieu of such Redemption if the Redemption Cap has been exceeded for any particular calendar quarter or year.

(e) In the event of a death or Permanent Disability of an Investor, early Redemptions are permitted without payment of any Redemption Fee, even if this occurs during the Initial Redemption Right Period, and without being subject to above Redemption Cap on a quarterly or annual basis.

(f) Redemptions may be undertaken either by the Fund or by the Manager (in such case also by an Affiliate and/or third party designated by the Manager). The Manager shall not have any obligation to undertake any such Redemption and may do so at its sole discretion. If the Manager elects, in lieu of the Fund, to undertake any such Redemption, then the Units and/or Membership Interests shall be purchased by the Manager or its designee (including an Affiliate and/or third party). If the Fund undertakes such Redemption, then the Fund's loan receipts and/or reserves could be used to pay for such Redemption. The Fund shall be entitled to retain any applicable Redemption Fee from the proceeds of the amount of the requested Redemption.

(g) In the event that there is a condition or expected conditions that makes redemptions material adverse to the Company, including a deterioration in general economic conditions, and/or those pertaining to the conditions of the Properties, the occurrence of a force majeure event, and/or the onset of a public health concern or crisis (collectively referred to as an "**Economic Disruption**"), as determined by the Manager in its sole discretion, then the Manager may suspend the ability of Investors to undertake any such redemptions until the Manager, in their sole discretion, determine that such condition or Economic Disruption has subsided to the point where the Manager determines that it may allow such resumption of redemptions.

11.8.2 Standard Redemption of Units.

(a) Following the Initial Redemption Right Period described hereinabove, if Members desire to liquidate some or all of their Units or Membership Interests in the Company, subject to the Black Out Period (as described below), the Manager and/or its Affiliates (including the Company) have agreed to purchase up to five percent (5%) of the outstanding Units issued by the Company annually (the "Annual 5% Limitation"), on a first come, first served basis (hereinafter, the "Standard Redemption"). The purchase price for the Units in a Standard Redemption shall be equal to the Redemption Value Per Unit times the number of Units being sold and shall be paid in cash within forty-five (45) days of receipt of the Request for

Redemption, provided a Member timely submits to the Manager the transfer documents for their Unit redemption. Any requests for redemption which exceed the Annual 5% Limitation shall be given priority in the following year but shall be subject to the Redemption Value Per Unit as of December 31st of the prior year. Sales or the redemption of Units shall be in the sole discretion of each Member, subject to the Annual 5% Limitation. Once the Annual 5% Limitation has been achieved for a particular calendar year, then the Manager shall either post this on the Member Website or otherwise notify the Members of same in writing.

(b) Following the Initial Redemption Right Period, but subject to the Black Out Period, Unit owners may request to be advised of the Redemption Value Per Unit (such response to a Member's request may be accomplished by posting it on the Company's website) which shall be determined in the sole discretion of the Manager, based upon the Manager's determination of the estimated fair market value of each of the Units, taking into consideration the fair market value of the Properties and/or Property Interests owned by the Company and any other assets of the Company, such as cash, securities and marketable receivables, reduced by any liabilities of the Company and any minority interest and illiquidity discounts that may be appropriate. The Redemption Value Per Unit shall be determined as aforesaid as of December 31st of the prior year adjusted for activity which may have occurred after the close of the year. The fair market value of the assets shall be reduced by all estimated selling expenses and closing costs, including closing adjustments, brokerage commissions, legal fees, disposition fees and transfer taxes.

(c) Except as provided below, a Member shall not be entitled to request a redemption during the Black Out Period during each current calendar year, starting with first calendar year following the Initial Redemption Right Period until the Redemption Value Per Unit is determined by the Manager for the current calendar year. The Black Out Period for each year shall commence on January 1st and continue until the Redemption Value Per Unit is determined by the Manager for the current calendar year unless a Member, at their option, desires to have their Units redeemed based on the Redemption Value Per Unit applicable during the prior calendar year. A Member shall be able to indicate the election of such option on the Redemption Request Form to be submitted to the Manager.

(d) Once determined, it is anticipated, but not guaranteed, that the Redemption Value Per Unit shall remain the same for the entire calendar year, however, the Manager reserves the right at any time, based on current market conditions and/or activities occurring after the close of a calendar year, to update such Redemption Value Per Unit. If a Member requests such redemption, they must submit such request by completing and sending in the Redemption Request Form that may be posted on the Member Website for the Company. At their option, a Member will be able to electronically submit such redemption request either on the Member Website or another electronic means of communication. The Manager shall attempt to notify Members the status of their request for redemption within fifteen (15) business days after receipt of such request submitted on the Redemption Request Form, except if the Redemption Value Per Unit has not yet been determined by the Manager and a Member has not elected to have such Redemption occur based on last year's Redemption Value Per Unit, then the Manager shall attempt to notify each Member of the status of their request with fifteen (15) business days after the Redemption Value Per Unit is determined by the Manager for the current calendar year.

(e) The purchasers of an Member's Membership Interest or Units for any such redemption, in addition to it being an Affiliate of the Manager or the Company, it may also include any other party or person designated by the Manager, including other Members in the Company, third party Members and employees of Time Equities Inc. The Manager shall have the right, in its sole discretion, to determine the actual party or person to be the purchaser for such Membership Interest or Units to be redeemed.

(f) In the event there is an Economic Disruption, as determined by Manager in its sole discretion, then the Manager may suspend the ability of Members to undertake any such Redemptions until the Manager, in its sole discretion, determines that such conditions or Economic Disruption has subsided to the point where the Manager determines that it may allow such resumption of Redemptions.

11.8.3 A Member or a person or entity authorized to act on their behalf ("**Authorized Person**") wishing to have their Units repurchased or redeemed, in whole or in part, must mail, deliver or submit such request online at the investor website for the Company, a written request to the Company indicating the number of Units they desire to have repurchased ("**Redemption Request**"). In order to make a Redemption Request, any such Authorized Person must utilize the Redemption Request Form posted on the Investor Website. The Manager shall attempt to notify the Authorized Person within fifteen (15) business days after the receipt of the Redemption Request as to whether or not and to what extent such Units, as specified by an Authorized Person in a Redemption Request, shall be repurchased by the Manager and/or its Affiliates except as provided above. At such time, the Manager will forward to such Authorized Person the documents necessary to effect such repurchase transaction (the "**Transfer Documents**."). The Authorized Person will have fifteen (15) business days to submit back to the Manager the Transfer Documents duly executed by such Authorized Person. If an Authorized Person does not timely submit back the Transfer Documents, then such Member or Authorized Person may lose all or a part of its allocation of the Annual 5% Limitation for such existing year and such Member's Redemption Request may then be rolled over, in whole or in part, to the next calendar year.

11.8.4 The effective date of the repurchase transaction shall be not less than 45 or more than 90 calendar days following the receipt of the Redemption Request by the Manager and such effective date shall be indicated by the Manager in the Transfer Documents to be submitted to the Authorized Person.

11.8.5 Upon receipt of the Transfer Documents, the Manager and/or its Affiliates will, on the effective date of the repurchase transaction, repurchase the Units designated to be repurchased in the Transfer Documents.

11.9 Repurchase of Units upon the Death or Substantial Disability of a Member.

11.9.1 Subject to the sole discretion of the Manager, in the case of the death or substantial disability of a Member, the redemption of the Member's Units may occur, without being subject to the provisions of and as an alternate to Section 11.8. If accepted by the Manager, the purchase price for the repurchased Units will be equal to 88% of the Member's Unreturned

Capital Contributions (after deducting Selling Commissions and Expenses allocated to such repurchased Units).

11.9.2 An Authorized Person wishing to have their Units repurchased pursuant to Section 11.9.1 must mail or deliver a written request to the Company indicating their desire to have such Units repurchased.

11.9.3 In the event that the Manager decides to honor a request, they will notify the requesting Member or such Authorized Person in writing of such fact within 30 days of the Company's receipt of the Member's notice described in Section 11.9.2 (subject to Section 11.9.2) and, to the extent accepted, will forward to such Member or Authorized Person the documents necessary to effect such repurchase transaction.

11.9.4 The effective date of the repurchase transaction shall be not less than 60 or more than 90 calendar days following the receipt of the written request by the Company described in Section 11.9.2.

11.9.5 Fully executed documents to effect the repurchase transaction must be returned to the Company at least 30 days prior to the effective date of the repurchase transaction.

11.9.6 Upon receipt of the required documentation, the Company will, on the effective date of the repurchase transaction and subject to approval by the Manager, repurchase the Units, provided that if sufficient amounts are not then available, in the Manager's sole discretion, to repurchase all of such Units, only a portion of such Units will be repurchased, unless otherwise approved by the Manager as set forth herein. Units repurchased by the Company pursuant to this Section 11.9.6 shall be promptly cancelled.

11.9.7 In the event that insufficient funds are available, in the Manager's sole discretion, to repurchase all of such Units under this Section 11.9.7, the Member will be deemed to have priority for subsequent Company repurchases over Members who subsequently request repurchases.

11.10 General Provisions Relating to Repurchase of Units

11.10.1 Repurchases of Units, pursuant to Sections 11.8 and 11.9, shall be subject to the restrictions set forth in Section 11.1 and 11.2.

11.10.2 In no event shall Units owned by the Manager or its Affiliates be repurchased by the Company.

11.11 Right of First Refusal. If any Member desires to transfer their Units, such Member shall give the Manager written notice of such proposed transfer (the "**Transfer Notice**") and offer to sell such Units to the Manager or its Affiliates and, at the election of the Manager, to the other Members, pro-rata based on their Units, at the price at which such Units are intended to be transferred by the Member to a third party in a bona fide transaction. The Transfer Notice shall set forth the intended terms, conditions, price and the name and address of such third party. The Manager and its Affiliates (and the other Members if the Manager so elects) shall have the option for a period of ten (10) business days from the date of receipt of such written offer (the "**Offer**")

Period”) to accept such offer, and two (2) months from the date of the receipt of such written offer to purchase the Units (the “**Option Period**”) on the terms and conditions set forth therein. If the offer has not been accepted in writing prior to the expiration of the Offer Period, or, if so accepted in writing, the closing of the purchase of the Units by the Manager or its Affiliates or Members delivering such written acceptance has not occurred within the Option Period, the transferring Member shall have the right for a period of 180 days following the end of the Offer Period (where no acceptance has been delivered by the Company or the Members) or the Option Period (where acceptance of the offer has been delivered but the applicable Units has not been purchased on or prior to the expiration of the Option Period), as applicable, to dispose of all (but not less than all) of such Units in accordance with the terms set forth in the Transfer Notice.

12. Emergency Facility Loan.

To the extent a Member is in need of funds on an emergency basis, a Member will have the opportunity to borrow against part of their Unreturned Capital Contributions based on the loan terms stipulated below:

12.1 Amount.

The maximum loan amount will be 25% of a Member’s Unreturned Capital Contributions at the time the Loan is funded. Members can consult with the Equity Department at Time Equities Securities LLC to ascertain their maximum loan amount.

12.2 Loan Availability.

Such Loan will be available to Investors anytime while a Member’s Unreturned Capital Contribution has not been repaid in full.

12.3 Lender.

The Lender will be an Affiliate of the Manager and/or its managers and/or members (the “**Lender**”).

12.4 Maximum Aggregate Loans to be funded on an Annual Basis.

The Lender shall, on a first come first serve basis, only be obligated to fund total aggregate loans, on a calendar year basis, of up to five percent (5%) of the Unreturned Capital Contributions for each particular calendar year. Such maximum amount of the Loan to be funded for any particular calendar year will be determined as of June 30th of each calendar year.

12.5 Interest Rate.

The interest rate will be fixed at 6% per annum for the entire term of the Loan.

12.6 Loan Payments.

The Loan will be repaid from all Distributions payable to a Member, including their 6% Preferred Return and any other Distributions that would be applied to repayment of the Unreturned Capital Contribution of a Member. As a result, a Member will not have to make separate out of pocket payments to pay the interest and principal due under this Loan until the Maturity Date (five years from the end of the month in which the closing of the Loan occurs). For example, if the Unreturned Capital Contribution of a Member is \$100,000 and the Member borrows \$25,000, and assuming the Member would only receive its 6% Preferred Return on an annual basis, this \$25,000 loan would be paid off in full in 5 years after the end of the month in which the Loan closes. After the Loan is paid off, the payment of Distributions to the Member shall be resumed as to Net Cash Flow available for Distribution.

12.7 Maturity Date.

The Maturity Date for the Loan will be five (5) years after the end of the month in which the closing occurs (“**Maturity Date**”). Any remaining loan balance, plus any accrued and unpaid interest, will be required to be repaid by the Member on the Maturity Date.

12.8 Right to Prepay the Loan Early.

The Member shall be entitled, at any time, to prepay, all or any part of the Loan, without payment of any prepayment penalty.

12.9 Collateral for the Loan.

The Member shall enter into a Security Agreement in favor of the Lender, whereby the Member shall pledge its Membership Interest in the Fund as collateral for the Loan. To perfect such security interest, a UCC-1 financing statement will be filed with the Secretary of State where the Member resides. Such UCC-1 filing shall indicate that the Member is pledging to the Lender as collateral for the Loan, all of its Membership Interest in the Company. Once this Loan is paid off, the UCC-1 will be terminated. The Member shall have to pay the nominal costs to initially file the UCC-1 and, after the Loan is paid off, the UCC-3 termination statement to terminate such security interest.

12.10 Recourse Loan to the Member.

The Loan will be a recourse loan whereby the Member will be personally liable for the remaining outstanding balance and accrued and unpaid interest if the Loan is not paid off in full by the Maturity Date.

12.11 Application Process.

Each Member will have to complete a simple application for the Loan and allow the Lender, at its option, to undertake a credit check for the Member. The Lender will have the right to reject the application of a Member if the Lender determines, in its sole discretion that the Member is an unacceptable credit risk.

12.12 Legal Fee to be Paid by a Member.

A Member will have to pay a legal fee to Lender's counsel to prepare the loan documents and close the Loan in the amount of 1% of the loan amount.

13. Books, Records, Accounting and Reports.

13.1 Records. The Company shall maintain at its principal office the Company's records and accounts of all operations and expenditures of the Company including the following:

13.1.1 A current list of the name and last known business, residence or mailing address of each Member and Manager;

13.1.2 A copy of the Certificate of Formation and all amendments thereto, together with any powers of attorney pursuant to which the Certificate of Formation or any amendments thereto were executed;

13.1.3 Copies of the Company's federal, state and local income tax or information returns and reports, if any, for the six most recent fiscal years;

13.1.4 Copies of this Agreement and any amendments thereto together with any powers of attorney pursuant to which any written accounting or any amendments thereto were executed;

13.1.5 Copies of any financial statements of the Company, if any, for the six most recent years; and

13.1.6 The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four fiscal years.

13.2 Delivery to Members and Inspection. Each Member, or its representative designated in writing, has the right, upon reasonable written request for purposes related to the interest of that person as a Member, which purposes are set forth in the written request, to receive from the Company:

13.2.1 True and full information regarding the status of the business and financial condition of the Company;

13.2.2 Promptly after becoming available, a copy of the Company's federal, state and local income tax returns for each year;

13.2.3 A current list of the name and last known business, residence or mailing address of each Member and Manager;

13.2.4 A copy of this Agreement and the Certificate of Formation and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which this Agreement and the Certificate of Formation and all amendments thereto have been executed; and

13.2.5 True and full information regarding the amount of cash and a description and statement of the agreed value of any property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each became a Member.

The Company will endeavor to provide any such information as reasonably requested by a Member within ten (10) business days after receipt of any such written request.

13.3 Annual Audit and Reports. The Manager will cause the Company, at the Company's expense, to prepare an annual report containing an audited financial statement as of December 31st of the applicable year, of the Company's assets. Copies of such statements shall be made available to each Member within approximately 180 days after the close of each fiscal year of the Company. In addition, the Manager intends to distribute biannual reports containing information regarding the operation of the Properties owned by the Company. In addition, each Member has had the right to perform a full inspection of all of the Company's books and records during normal business hours at the office of the Manager.

13.4 Tax Information. The Manager shall cause the Company, at the Company's expense, to prepare and timely file income tax returns for the Company with the appropriate authorities, and shall cause all Company information necessary in the preparation of the Members' individual income tax returns to be distributed to the Members not later than 75 days after the end of the Company's fiscal year, unless the Manager has elected to extend the tax filing date. The Manager shall also distribute a copy of the Company's tax return to a Member, if requested by such Member.

13.5 Confidentiality. The Manager shall have the right to keep confidential from the Members, for such period of time as the Manager deems reasonable, any information which the Manager reasonably believes to be in the nature of trade secrets or other information the disclosure of which the Manager in good faith believes is not in the best interest of the Company or could damage the Company or its business or which the Company is required by law or by agreement with a third party to keep confidential.

14. Termination and Dissolution of the Company.

14.1 Termination of Company. The Company shall be dissolved, shall terminate and its assets shall be disposed of, and its affairs wound up upon the earliest to occur of the following:

14.1.1 Upon the happening of any event of dissolution specified in the Certificate of Formation;

14.1.2 The occurrence of a Dissolution Event unless the business of the Company is continued by the consent of the remaining Members within 90 days following the occurrence of the event;

14.1.3 A determination by the Manager to terminate the Company;

14.1.4 Upon the entry of a decree of judicial dissolution;

14.1.5 The sale of the last Property, or the receipt of the final payment on any seller financing provided by the Company on the sale of the last Property, if later; or

14.1.6 The expiration of the term of the Company.

14.2 Return of Total Amount Invested.

In the event that the Company has not made total Distributions to the Members in the amount that equals or exceeds 100% of the amount invested by the Members in the Company prior to the Ten Year Date, the Company will attempt to sell and/or finance such portion of the remaining Properties in order to distribute to the Members the amount needed to bring the total distributions made to the Members to 100% of the amount invested in the Company by the Members on or prior to the Offering Termination Date.

14.3 Certificate of Cancellation. As soon as possible following the occurrence of any of the events specified in Section 14.1, the Manager who has not wrongfully dissolved the Company or, if none, the Members, shall execute a Certificate of Cancellation in such form as shall be required by the Act.

14.4 Liquidation of Assets. Upon a dissolution and termination of the Company, the Manager (or in case there is no Manager, the Members or Person designated by a Majority Vote) shall take full account of the Company assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining the fair market value thereof, and shall apply and distribute the proceeds therefrom in the following order:

14.4.1 To the payment of creditors of the Company but excluding secured creditors whose obligations will be assumed or otherwise transferred on liquidation of Company assets;

14.4.2 To the setting up of any reserves as required by law for any liabilities or obligations of the Company; provided, however, that said reserves shall be deposited with a bank or trust company in escrow at interest for the purpose of disbursing such reserves for the payment of any of the aforementioned contingencies and, at the expiration of a reasonable period, for the purpose of distributing the balance remaining in accordance with remaining provisions of this Section 14.4; and

14.4.3 To the Members as set forth in Section 5.1, which is intended to be in proportion to their positive Capital Account balances as of the date of such Distribution, after giving effect to all Capital Contributions, Distributions and allocations for all periods, including the period during which such Distribution occurs.

14.5 Distributions Upon Dissolution. Each Member shall look solely to the assets of the Company for all Distributions and its Capital Contributions, and shall have no recourse therefor (upon dissolution or otherwise) against any Manager or any Member. No Member shall be required to restore any deficit in the Member's Capital Account.

14.6 Liquidation of Member's Interest. If there is a Liquidation of a Member's or Manager's interest in the Company, any liquidating Distribution pursuant to

such Liquidation shall be made only to the extent of the positive Capital Account balance, if any, of such Member or Manager for the taxable year during which such Liquidation occurs after proper adjustments for allocations and Distributions for such taxable year up to the time of Liquidation. Such Distributions shall be made by the end of the taxable year of the Company during which such Liquidation occurs, or if later, within 90 days after such Liquidation.

15. Special and Limited Power of Attorney.

15.1 Power of Attorney. The Manager shall at all times during the term of the Company have a special and limited power of attorney as the attorney-in-fact for each Member, with power and authority to act in the name and on behalf of each such Member to execute, acknowledge, and swear to in the execution, acknowledgment and filing of documents which are not inconsistent with the provisions of this Agreement and which may include, by way of illustration but not by limitation, the following:

- 15.1.1 This Agreement, as well as any amendments to the foregoing which, under the laws of the State of Delaware or the laws of any other state, are required to be filed or which the Manager shall deem it advisable to file;
- 15.1.2 Any other instrument or document that may be required to be filed by the Company under the laws of any state or by any governmental agency or which the Manager shall deem it advisable to file;
- 15.1.3 Any instrument or document that may be required to effect the continuation of the Company, the admission of Substituted Members, or the dissolution and termination of the Company (provided such continuation, admission or dissolution and termination are in accordance with the terms of this Agreement);
- 15.1.4 Any contract for purchase or sale of real estate, and any deed, deed of trust, mortgage, or other instrument of conveyance or encumbrance, with respect to Property; and
- 15.1.5 Any and all other instruments as the Manager may deem necessary or desirable to effect the purposes of this Agreement and carry out fully its provisions.

15.2 Provision of Power of Attorney. The special and limited power of attorney of the Manager:

- 15.2.1 Is a special power of attorney coupled with the interest of the Manager in the Company, and its assets, is irrevocable, shall survive the death, incapacity, termination or dissolution of the granting Member, and is limited to those matters herein set forth;
- 15.2.2 May be exercised by the Manager by and through one or more of the officers of the Manager for each of the Members by the signature of the

Manager acting as attorney-in-fact for all of the Members, together with a list of all Members executing such instrument by their attorney-in-fact or by such other method as may be required or requested in connection with the recording or filing of any instrument or other document so executed; and

15.2.3 Shall survive an assignment by a Member of all or any portion of his Units except that, where the assignee of the Units owned by the Member has been approved by the Manager for admission to the Company as a Substituted Member, the special power of attorney shall survive such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any instrument or document necessary to effect such substitution.

15.3 Notice to Members. The Manager shall promptly furnish to a Member a copy of any amendment to this Agreement executed by the Manager pursuant to a power of attorney from the Member.

16. Relationship of this Agreement to the Act. Many of the terms of this Agreement are intended to alter or extend provisions of the Act as they may apply to the Company or the Members. Any failure of this Agreement to mention or specify the relationship of such terms to provisions of the Act that may affect the scope or application of such terms shall not be construed to mean that any of such terms is not intended to be a limited liability company agreement provision authorized or permitted by the Act or which in whole or in part alters, extends or supplants provisions of the Act as may be allowed thereby.

17. Amendment of Agreement.

17.1 Admission of Member. Amendments to this Agreement for the admission of any Member or Substituted Member shall not, if in accordance with the terms of this Agreement, require the consent of any Member.

17.2 Amendments with Consent of Member. In addition to any amendments otherwise authorized herein, this Agreement may be amended by the Manager with a Majority Vote of the Units.

17.3 Amendments Without Consent of the Members. In addition to the Amendments authorized pursuant to Section 4.10 and Section 7.2.15 or otherwise authorized herein, the Manager may amend this Agreement, without the consent of any of the Members, to (i) change the name and/or principal place of business of the Company, or (ii) decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Company and conduct its business and affairs); provided, however, that no amendment shall be adopted pursuant to this Section 17.3 unless the adoption thereof (A) is for the benefit of or not adverse to the interests of the Members, and (B) does not affect the limited liability of the Members or the status of the Company as a partnership for federal income tax purposes.

17.4 Execution and Recording of Amendments. Any amendment to this

Agreement shall be executed by the Manager, and by the Manager as attorney-in-fact for the Members pursuant to the power of attorney contained in Section 15. After the execution of such amendment, the Manager shall also prepare and record or file any certificate or other document which may be required to be recorded or filed with respect to such amendment, either under the Act or under the laws of any other jurisdiction in which the Company holds any Property or otherwise does business.

18. Miscellaneous.

18.1 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart. Signatures hereto may be evidenced by facsimile transmission or electronic mail in portable document format ("PDF"), the same of which shall be treated as originals.

18.2 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the respective Members.

18.3 Severability. In the event any sentence or Section of this Agreement is declared by a court of competent jurisdiction to be void, such sentence or Section shall be deemed severed from the remainder of this Agreement and the balance of this Agreement shall remain in full force and effect.

18.4 Notices. All notices under this Agreement shall be in writing and shall be given to the Member or Economic Interest Member entitled thereto, by personal service or by mail, posted to the address maintained by the Company for such person or at such other address as he may specify in writing.

18.5 Manager's Address. The name and address of the Manager is as follows:
Time Equities Management VII, LLC
55 Fifth Avenue, 15th Floor
New York, NY 10003
Attention: Robert Kantor

18.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

18.7 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and reference. Such titles and captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any provisions hereof.

18.8 Gender. Whenever required by the context hereof, the singular shall include the plural, and vice versa, the masculine gender shall include the feminine and neuter genders, and vice versa.

18.9 Additional Documents. Each Member, upon the request of the Manager, shall perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement, including, but not limited to, providing acknowledgment before a Notary Public of any signature made by a Member.

18.10 Descriptions. All descriptions referred to in this Agreement are expressly incorporated herein by reference as if set forth in full, whether or not attached hereto.

18.11 Attorneys' Fees. In the event that litigation is commenced to enforce any of the provisions of this Agreement, to recover damages for breach of any of the provisions of this Agreement, or to obtain declaratory relief in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs, whether or not such action proceeds to judgment. The prevailing party shall be determined by either the officiating judge in the matter or by the presiding judge of the applicable New York City court.

18.12 Venue. Any Action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in New York City, New York.

18.13 Partition. The Members agree that the assets of the Company are not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all rights that he may have, or may obtain, to maintain any action for partition of any of the assets of the Company.

18.14 Integrated and Binding Agreement. This Agreement contains the entire understanding and agreement among the Members with respect to the subject matter hereof, and there are no other agreements, understandings, representations or warranties among the Members other than those set forth herein except the Subscription Agreement. This Agreement may be amended only as provided in this Agreement.

18.15 Legal Counsel. Each Member acknowledges and agrees that counsel representing the Company, the Manager and its Affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Members, other than the Manager (if applicable), in any respect. In addition, each Member consents to the Manager hiring counsel for the Company which is also counsel to one or more of the Manager.

18.16 Title to Company Property. All Property owned by the Company shall be owned by the Company as an entity and, insofar as permitted by applicable law, no Member shall have any ownership interest in any Company property in its individual name or right, and each Member's Membership Interest shall be personal property for all purposes.

(Signature Page to Follow)

DEFINITIONS

“**Acquisition Fee**” shall have the meaning set forth in Section 6.1.1.

“**Act**” shall mean the Delaware Limited Liability Company Act, as the same may be amended from time to time.

“**Adjusted Capital Account Deficit**” shall mean, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which the Member is obligated to restore and the Member’s share of Member Minimum Gain and Company Minimum Gain; and

(ii) Debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

“**Affiliates**” shall mean any of the following: (i) A principal, member and/or manager of the Manager, their respective family members and/or trust for the benefit of family members; or (ii) any entity which is directly and/or indirectly managed, or co-managed with a third party joint venture partner, by any of the principals, managers and/or members of the Manager (including Francis Greenburger, Robert Kantor and/or Time Equities, Inc.) and in which Affiliates own a beneficial ownership interest in such entity, regardless of the amount of such beneficial ownership interest. Affiliates shall also include any employees of Time Equities, Inc.

“**Agreement**” shall mean this Limited Liability Company Agreement, as amended from time to time.

“**Annual 5% Limitation**” shall mean the 5% limitation, based on the outstanding number of Units issued by the Company on an annual basis, as to the maximum number of Units to be purchased by the Manager and/or its Affiliates for each calendar year, starting following the expiration of the Initial Redemption Right Period.

“**Asset Management Fee**” shall have the meaning set forth in Section 6.1.2.

“**Asset Manager**” or “**TEI**” shall mean Time Equities, Inc., a New York corporation.

“**Black Out Period**” shall mean the period of time in the beginning of a calendar year starting with calendar year following expiration of the Initial Redemption Right Period, until the Manager determines the Redemption Value Per Unit, applicable for current calendar year, that a Member may not redeem any of their Units unless they are willing to accept the Redemption Value Per Unit that was determined by the Manager for the prior calendar year.

“**Book Gain**” shall mean the excess, if any, of the fair market value of a Property over its adjusted basis for federal income tax purposes at the time a valuation of such Property is required

under this Agreement or Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

“**Book Loss**” shall mean the excess, if any, of the adjusted basis of a Property for federal income tax purposes over its fair market value at the time a valuation of such Property is required under this Agreement or Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

“**Book Value**” shall mean the adjusted basis of Property for federal income tax purposes increased or decreased by Book Gain, Book Loss, Built-In Gain and Built-In Loss as reduced by depreciation, amortization or other cost recovery deductions, or otherwise, based on such Book Value.

“**Borrowing Entity**” shall have the meaning set forth in Section 7.12.1.

“**Built-In Gain (or Loss)**” shall mean the amount, if any, by which the agreed value of contributed Property exceeds (or is lower than) the adjusted basis of Property contributed to the Company by a Member immediately after its contribution by the Member to the capital of the Company.

“**Capital Account**” with respect to any Member (or such Member’s assignee) shall mean such Member’s Capital Contribution adjusted as follows:

- (i) A Member’s Capital Account shall be increased by:
 - (a) such Member’s share of Net Income;
 - (b) any item of income or gain specially allocated to a Member and not included in Net Income or Net Loss;
 - (c) any additional cash Capital Contribution made by such Member to the Company; and
 - (d) the fair market value of any additional Capital Contribution, as determined by the Manager, consisting of property contributed by such Member to the capital of the Company reduced by any liabilities assumed by the Company in connection with such contribution or to which the Property is subject.
- (ii) A Member’s Capital Account shall be reduced by:
 - (a) such Member’s share of Net Loss;
 - (b) any deduction specially allocated to a Member and not included in Net Income or Net Loss;
 - (c) any cash Distribution made to such Member; and

(d) the fair market value, as determined by the Manager, of any Property (reduced by any liabilities assumed by the Member in connection with the Distribution or to which the distributed Property is subject) distributed to such Member; provided that, upon liquidation and winding up of the Company, unsold Property will be valued for Distribution at its fair market value and the Capital Account of each Member before such Distribution shall be adjusted to reflect the allocation of gain or loss that would have been realized had the Company then sold the Property for its fair market value. Such fair market value shall not be less than the amount of any nonrecourse indebtedness that is secured by the Property.

Property other than money may not be contributed to the Company except as specifically provided in this Agreement. Property of the Company may not be revalued for purposes of calculating Capital Accounts unless the Manager determines the fair market value of the Property and Company complies with the requirements of Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and (g); provided, however, for purposes of calculating Book Gain or Book Loss (but not for purposes of adjusting Capital Accounts to reflect the contribution and distribution of such Property), the fair market value of Property shall be deemed to be no less than the outstanding balance of any nonrecourse indebtedness secured by such Property.

The Capital Account of a Substituted Member shall include the Capital Account of his transferor. Notwithstanding anything to the contrary in this Agreement, the Capital Accounts shall be maintained in accordance with Treasury Regulations Section 1.704-1(b). For purposes of this Agreement, any references to the Treasury Regulations shall include corresponding subsequent provisions.

“Capital Contribution” shall mean the gross amount invested in the Company by a Member and shall be equal in amount to the cash purchase price paid by such Member for the Units sold to such Member by the Company. In the plural, **“Capital Contributions”** shall mean the aggregate amount invested by all of the Members in the Company and shall equal, in total, the sum of the amount attributable to the purchase of all of the Units issued by the Company, including the Capital Contributions by the Manager. For purposes of any Member who purchases a Unit pursuant to Section 3.2.3, the Capital Contribution shall be deemed \$5,000 per Unit for purposes of determining the Preferred Return and for purposes of determining Unreturned Capital Contributions. To the extent any Member’s Capital Contributions are grossed up as a result of the reduction or waiver of Sales Commissions and Expenses, in whole or in part, such Preferred Return shall be calculated based on such grossed up amount attributable to such Capital Contributions.

“Capital Transactions” shall mean (a) the sale, exchange, transfer, assignment or other disposition of a Property or any portion thereof or interest therein (herein, a **“Sale”**), (b) any financing secured by a Property or any portion thereof or any refinancing of any portion thereof (herein, a **“Financing”**), (c) the condemnation or deed in lieu of condemnation of a Property or any portion thereof (herein, a **“Condemnation”**), (d) any casualty with respect to a Property or any portion thereof (herein, a **“Casualty”**), or (e) any claim under the owner’s title insurance policy for a Property (hereinafter, a **“Title Claim”**).

“**Certificate of Formation**” shall mean the Certificate of Formation of the Company as filed with the Secretary of State of Delaware as the same may be amended or restated from time to time.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequently enacted federal revenue laws.

“**Company**” or the “**Fund**” shall mean TEI Diversified Income & Opportunity Fund VII, LLC, a Delaware limited liability company.

“**Company Minimum Gain**” shall have the same meaning as “**partnership minimum gain**” as set forth in Treasury Regulations Section 1.704-2(d).

“**Construction Management Fee**” shall have the meaning set forth in Section 6.1.5.

“**Dissolution Event**” shall mean with respect to the Manager one or more of the following: the withdrawal, resignation, removal, Event of Insolvency or dissolution (unless reconstituted by the Manager) of the Manager unless the Members consent to continue the business of the Company pursuant to Section 8.2.6.

“**Distribution**” or collectively “**Distributions**” shall refer to any money or other property transferred without consideration (other than repurchased Units) to Members with respect to their interests in their Units in the Company, but shall not include any payments to the Manager or its Affiliates pursuant to Section 6.

“**Economic Disruption**” shall have the meaning set forth in Section 11.8.5.

“**Economic Interest**” shall mean an interest in the Net Income, Net Loss and Distributions of the Company but shall not include any right to vote or to participate in the management of the Company.

“**Economic Interest Owner**” shall mean the owner of an Economic Interest who is not a Member.

“**Employee Benefit Plan**” shall have the meaning set forth in Section 3(3) of the Employee Retirement Income Security Act of 1974.

“**Event of Insolvency**” shall occur when an order for relief against the Manager is entered under Chapter 7 of the federal bankruptcy law, or (A) the Manager: (1) makes a general assignment for the benefit of creditors, (2) files a voluntary petition under the federal bankruptcy law, (3) files a petition or answer seeking for that Manager a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, (4) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Manager in any proceeding of this nature, or (5) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of that Manager or of all or a substantial part of that Manager’s properties, or (B) the expiration of 60 days after

either (1) the commencement of any proceeding against the Manager seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law, or regulation, if the proceeding has not been dismissed, or (2) the appointment without the Manager's consent or acquiescence of a trustee, receiver, or liquidator of the Manager or of all or any substantial part of the Manager's properties, if the appointment has not been vacated or stayed (or if within 60 days after the expiration of any such stay, the appointment is not vacated).

"Financing Fee" shall have the meaning set forth in Section 6.1.6.

"Initial Redemption Right Period" shall have the meaning set forth in Section 11.8.1.

"Initial Redemptions" shall have the meaning set forth in Section 11.8.1.

"Interest" shall mean a Membership Interest or an Economic Interest.

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

"Loan" shall mean any emergency loan made to a Member as provided in Section 12.

"Leasing Commissions" shall have the meaning set forth in Section 6.1.4

"Liquidation" shall mean in respect to the Company the earlier of the date upon which the Company is terminated under Section 708(b)(1) of the Code or the date upon which the Company ceases to be a going concern (even though it may exist for purposes of winding up its affairs, paying its debts and distributing any remaining balance to its Members), and in respect to a Member where the Company is not in Liquidation shall mean the date upon which occurs the termination of the Member's entire interest in the Company by means of a distribution or the making of the last of a series of Distributions (whether or not made in more than one year) to the Member by the Company.

"Majority Vote" shall mean the vote of more than 50% of the Units entitled to vote. Members shall be entitled to cast one vote for each Unit they own, and a fractional vote for each fractional Unit they own.

"Manager" shall refer to Time Equities Management VII, LLC, a Delaware limited liability company. The term **"Manager"** shall also refer to any successor or additional Manager who is admitted to the Company as the Manager.

"Member" shall mean any holder of a Unit who is admitted to the Company as a Member, including the Manager to the extent it has acquired Units.

"Member Minimum Gain" shall mean **"partner nonrecourse debt minimum gain"** as determined under Treasury Regulations Section 1.704-2(i)(3).

"Member Nonrecourse Debt" shall mean **"partner nonrecourse debt"** as set forth in Treasury Regulations Section 1.704-2(b)(4).

“**Member Nonrecourse Deductions**” shall mean “**partner nonrecourse deductions**” as set forth in Treasury Regulations Section 1.704-2(i).

“**Membership Interest**” shall mean a Member’s entire interest in the Company including such Member’s Economic Interest and such voting and other rights and privileges that the Member may enjoy by being a Member.

“**Memorandum**” shall mean the Confidential Private Placement Memorandum pertaining to the Offering distributed to potential purchasers of Units, as may be amended or supplemented from time to time.

“**Net Cash Flow**” shall mean, with respect to the period for which the Net Cash Flow is being determined, the excess of:

(a) the sum of:

(i) all the cash revenues and receipts of any kind, nature or description from the Properties, but excluding receipts from or on account of (A) any Capital Transaction, (B) any Loan for the Properties, or (C) tenant security and other similar deposits, plus

(ii) the amount of Capital Contributions, plus

(iii) any reductions in the amount of reserves as determined by the Manager, over

(b) the sum of:

(i) all cash expenditures pertaining to the acquisition, development, maintenance, repair and/or operation of the Properties including, but not limited to, payments for debt service on any Financing (but excluding cash expenditures taken into consideration in determining the amount of Net Proceeds from a Capital Transaction and Distributions to Members), plus

(ii) any increases in the amount of reserves as determined by the Manager.

“**Net Income**” or (“**Net Profit**”) or “**Net Loss**” shall mean, respectively, for each taxable year of the Company the taxable income and taxable loss (exclusive of Built-In Gain or Loss) of the Company as determined for federal income tax purposes in accordance with Section 703(a) of the Code (including all items of income, gain, loss, or deduction required to be separately stated pursuant to Section 703(a)(1) of the Code) (other than any specific item of income, gain (exclusive of Built-In Gain), loss (exclusive of Built-In Loss), deduction or credit subject to special allocation under this Agreement), with the following modifications:

(a) The amount determined above shall be increased by any income exempt from federal income tax; and

(b) The amount determined above shall be reduced by any expenditures described in Section 705(a)(2)(B) of the Code or expenditures treated as such pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i).

“Net Proceeds from a Capital Transaction” shall mean:

(a) in the case of a sale of a Property, the proceeds of such sale (including the proceeds of any deferred portion of the purchase price and interest thereon, when received), less (i) reasonable closing costs, expenses, legal fees, brokerage fees and adjustments incurred in connection with the sale, and (ii) the then existing principal balance and accrued interest thereon and other sums due under the terms of any indebtedness secured by a Property which is then required to be and is paid, in whole or in part with such proceeds;

(b) in the case of a Financing, the proceeds of such Financing, less: (i) reasonable closing costs and expenses, commitment and application fees, legal fees, and mortgage brokerage fees incurred in connection with such Financing, and (ii) the then existing principal balance and accrued interest thereon and other sums due under the terms of any indebtedness secured by a Property which is then required to be and is paid, in whole or in part with such proceeds;

(c) in the case of a Casualty or Condemnation, any insurance or Condemnation proceeds available as a result thereof remaining after application of such proceeds to the reasonable costs and expenses of obtaining same and restoration and repair cost, and the payment of the portion of such amounts required to be paid to any lender, if any; and

(d) in the case of a Title Claim, the proceeds of such Title Claim, less the reasonable costs and expenses of obtaining such proceeds, and the payment of the portion of such proceeds required to be paid to any lender.

Notwithstanding anything to the contrary herein, the amount determined under Sections (a), (b), (c) and (d) above shall be reduced by (x) all amounts applied by the Manager for reasonable costs and expenses incurred in connection with the maintenance or operation of such applicable Properties, which are in arrears under normal trade practices or which otherwise are then due and payable to other creditors and for which funds for payment are not available from Net Cash Flow or available reserves and (y) amounts used by the Manager to increase reserves.

“Nonrecourse Debt” shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

“Nonrecourse Deductions” shall have the meaning, as set forth in Treasury Regulations Section 1.704-2(c).

“Offer Period” shall have the meaning set forth in Section 11.11.

“Offering” shall mean the offering and sale of the Units made in accordance with the provisions of Section 3.2.

“Offering Period” shall mean the period of this offering until the Offering Termination Date.

“Offering Termination Date” shall mean the date the Offering of Units will terminate, which is the earliest of (i) the sale of 20,000 Units for a maximum aggregate offering amount of \$100,000,000, (ii) **December 15, 2027**, or (iii) the termination of this Offering at an earlier date in the sole discretion of the Manager. 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. The Manager, at its sole option, shall have the right to extend the Offering Termination Date for up to an additional year. The Manager shall exercise such extension right for the Offering Termination Date in a written notice to the Members of the Fund, which may be through providing them with a copy of an Addendum to the Offering, which indicates such extension, at least thirty (30) days prior to the initial Offering Termination Date. The term **“Offering Termination Date”**, if applicable shall include any such extension thereof.

“Option Period” shall have the meaning set forth in Section 11.11.

“Organization and Offering Expenses” shall mean all expenses incurred in connection with the organization and formation of the Company, the preparation of the offering materials, and the marketing and sale of the Units, including but not limited to legal, accounting, tax planning fees, promotional fees or expenses, filing and recording fees, market research and surveys, property inspections and research, engineering services, printing costs, securities sales commissions, travel expenses and other costs or expenses incurred in connection therewith.

“Ownership Exhibit” shall mean the Ownership Exhibit to this Agreement, as set forth in Section 5.2, which reflects the Priority Membership Percentage Interests and Residual Membership Percentage Interests of the Members, which, once prepared by the Manager, shall be deemed in part of this Agreement.

“Person” shall mean a natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank trust company, land trust, business trust, statutory trust or other organization, whether or not a legal entity, and a government or agency or political subdivision thereof.

“Prime Rate” shall mean the reference rate announced from time-to-time by the Wall Street Journal, and changes in the Prime Rate shall be deemed to occur on the date that changes in such rate are announced.

“Priority Membership Percentage Interest” shall mean the Priority Membership Percentage Interest held by a Member and/or a Manager in the Company. Such percentage allocated to a Member’s Priority Membership Percentage Interest shall change to the extent new Members are admitted to the Company who purchase Units in the Fund. A Member’s Priority Membership Interest shall be calculated based on the ratio of a Member’s Unreturned Capital Contribution in comparison to the aggregate Unreturned Capital Contributions for all of the Members. **“Priority Membership Percentage Interests”** shall mean the aggregate Priority Membership Percentage Interests for all of the Members.

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

“Properties” or **“Projects”** shall refer to the real estate properties, mortgage loans and/or ownership interests therein acquired by the Company directly or as a member of a limited liability company.

“Property” or **“Project”** shall refer to any or all of such real and tangible or intangible personal property or properties as may be acquired by the Company, including the Properties or other entity

“Property Management Fee” shall have the meaning set forth in Section 6.1.3.

“Redemption” shall mean any redemption or repurchase of Units or Membership Interests in the Company, including (i) Initial Redemptions occurring during the Initial Redemption Right Period, and (ii) Standard Redemptions occurring after the expiration of the Initial Redemption Right Period.

“Redemption Cap” shall have the meaning set forth in Section 11.8.1.

“Redemption Value Per Unit” shall mean the Unit value established by the Manager, on an annual basis, upon which the Manager and/or its Affiliate would agree to repurchase Units from a Member, pursuant to the terms and conditions set forth in Section 11.8. Such Redemption Value per Unit shall be based on the Manager’s determination of the estimated fair market value of each of the Units taking into consideration the fair market value of the Properties owned by the Fund and any other assets of the Company reduced by any liabilities of the Company and any minority and illiquidity discounts that may apply.

“Regulatory Allocations” shall mean the allocations set forth in Sections 4.2.1 through 4.2.7.

“Residual Membership Percentage Interest” shall mean the Residual Membership Percentage Interest held by a Member and/or Manager in accordance with the provisions of Section 5.1.2. The Residual Membership Percentage Interests of the Members shall change as new Members are admitted to the Company who subscribe to purchaser Units in the Fund. **“Residual Membership Percentage Interests”** shall mean the collective Residual Membership Percentage Interests of the Members.

“Sales Brokerage Fee” shall have the meaning set forth in Section 6.1.7.

“Selling Commissions and Expenses” shall mean the total aggregate amount of commissions, allowances, expense reimbursements, Wholesaler Fees and placement fees, not to exceed 10% of Total Sales.

“Standard Redemption” shall have the meaning set forth in Section 11.8.2.

“Subscription Agreement” means the agreement, in the form attached to the Memorandum, by which each person desiring to become a Member shall evidence (i) the number of Units which such person wishes to acquire, (ii) such person’s agreement to become a party to, and be bound by the provisions of, this Agreement and (iii) certain representations regarding the person’s finances and investment intent.

“**Subscription Payment**” shall mean the cash payment that must accompany each subscription for Units sold through the Offering.

“**Substituted Member**” shall mean any Person admitted as a substituted Member pursuant to this Agreement.

“**Tax Payment**” shall have the meaning set forth in Section 4.12.

“**Ten Year Date**” shall mean the date which is ten (10) years after the Offering Termination Date as such may be extended.

“**TES**” means Time Equities Securities LLC, a Delaware limited liability company.

“**Transfer Notice**” shall have the meaning set forth in Section 11.11.

“**Unit**” shall represent an interest in the Company entitling the owner of the Unit if admitted as a Member to the respective voting and other rights afforded to a Member, and affording to such Member a share in Net Income, Net Loss and Distributions as provided for in this Agreement.

“**Unpaid Preferred Return**” shall mean the amount of Preferred Return due each Member pursuant to the terms of this Agreement less any distribution made to said Member pursuant to the provisions of Sections 5.1.1(i) and 5.1.2(i).

“**Unreturned Capital Contribution**” shall mean a Member’s Capital Contributions reduced by any distributions from Net Proceeds from a Capital Transaction to the Members that shall be applied to reduce or pay down the amount the Capital Contributions funded by a Member pursuant to Section 5.1.2 (ii). “**Unreturned Capital Contributions**” shall collectively mean such Unreturned Capital Contributions of the Members.

“**Wholesaler Fee**” is the fee payable to TES, in the amount equal to 1% of the Total Sales, to pay in whole or in part to certain wholesalers, some of which are internal to TES.

IN WITNESS WHEREOF, this Agreement is effective as of the date first set forth in the preamble.

MANAGER:

Time Equities Management VII, LLC, a Delaware limited liability company

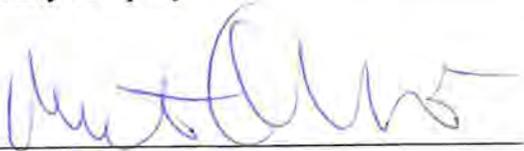
By: 
Robert Kantor, Co-Manager

EXHIBIT B
SUBSCRIPTION AGREEMENT



INSTRUCTIONS TO INVESTORS FOR COMPLETION OF THE SUBSCRIPTION AGREEMENT

Please read carefully the Confidential Private Placement Memorandum of Membership Interests (the “Units” in TEI Diversified Income & Opportunity Fund VII, LLC (the “Company”), dated July 1, 2025, and all Exhibits and supplements thereto (the “Memorandum”) before deciding to subscribe.

You should examine the suitability of this type of investment in the context of your own needs, investment objectives, and financial capabilities and should make your own independent investigation and decision as to suitability and as to the risk and potential gain involved. Also, you are encouraged to consult with your own attorney, accountant, financial consultant or other business or tax advisor regarding the risks and merits of the proposed investment.

This Offering of Membership Interests is limited to investors who certify that they meet all of the qualifications set forth in the Memorandum. If you meet these qualifications and desire to purchase the Membership Interests, then please complete, execute and deliver the Subscription Agreement, Operating Agreement Signature Page (“Exhibit A”) and Independent Third-Party Verification Letter Template (“Exhibit B”) along with your check or wire in the amount of the Subscription Price.

SEND THE EXECUTED SUBSCRIPTION AGREEMENT AND CHECK TO:

Regular Mail USPS

TEI Diversified Income & Opportunity Fund VII, LLC
C/O Vistra USA LLC
P.O. Box 2609
San Rafael, CA 94912-2609

Overnight Mail FEDEX, UPS, DHL, etc.

TEI Diversified Income & Opportunity Fund VII, LLC
C/O Vistra USA LLC
125 E Sir Francis Drake Blvd, Ste. 401
Larkspur, CA 94939

OR EMAIL TO: TimeEquitiesSupport@vistra.com

MAKE CHECKS PAYABLE TO: TEI Diversified Income & Opportunity Fund VII, LLC

INVESTOR FUNDS CAN ALSO BE WIRED TO THE FOLLOWING:

Bank Name: Intentionally left blank
ABA Routing Number: Please call 212.206.5689 for wiring instructions
Swift Code:
GL Account Number:
Account Name:

IMPORTANT! – These instructions are final. Do not accept any subsequent email notification that the instructions have been changed. In order to ensure against potential fraudulent intervention, please call your known contact at Time Equities Inc. to verify these instructions.

Upon receipt of the signed Subscription Agreement, verification of your investment qualifications, and acceptance of your subscription by the Company (in the Manager’s sole discretion), the Company will execute the Subscription Agreement and notify you of the receipt and acceptance of your subscription. The Company may accept or reject any subscription in whole or in part for a period of 30 days after receipt of the Subscription Agreement, payment in full and any other subscription documents requested by the Company. Any subscription not accepted within 30 days of receipt will be deemed rejected.

SPECIAL INSTRUCTIONS: In all cases, the person or entity actually making the investment decision to purchase the Membership Interest should complete and sign the Subscription Agreement. For example, if the investor purchasing the Membership Interest is a retirement plan for which investments are directed or made by a third-party trustee, then that third party trustee must complete the Subscription Agreement rather than the beneficiaries under the retirement plan. This also applies to trusts, custodial accounts and similar arrangements. You must list your principal place of residence rather than your office or other address on the signature page to the Subscription Agreement so that the Company can confirm compliance with appropriate securities laws. If you wish for correspondence sent to an address other than your principal residence, please provide a mailing address where indicated in “Item C. Investor Information”.



**SUBSCRIPTION AGREEMENT FOR MEMBERSHIP INTERESTS IN
TEI DIVERSIFIED INCOME & OPPORTUNITY FUND VII, LLC**

This is the offer and agreement (the “**Subscription Agreement**”) of the undersigned to purchase the units of membership interest in the Offering to be issued TEI Diversified Income & Opportunity Fund VII, LLC, for the total Subscription Price set forth below, subject to the terms, conditions, acknowledgments, representations and warranties stated herein and in the Confidential Private Placement Memorandum dated July 1, 2025 relating to the offer of up to 30,000 Units (\$150,000,000.00) in the Company. Simultaneously with the execution and delivery hereof, I am transmitting a check payable to the order of “**TEI Diversified Income & Opportunity Fund VII, LLC**” in the amount of the Subscription Price set forth below for the Units I am purchasing or alternatively, I am wiring funds representing the Subscription Price in accordance with the wiring instructions on the front page of this Subscription Agreement. All terms used herein shall have the meanings set forth in the Memorandum.

In order to induce the Company to accept this Subscription Agreement and as further consideration for such acceptance, I hereby make the following acknowledgments, representations and warranties with the full knowledge that the Company will expressly rely on the following acknowledgments, representations and warranties in making a decision to accept or reject this Subscription Agreement:

1. **I hereby adopt, confirm and agree to all of the covenants, representations and warranties set forth in this Subscription Agreement.**
2. **I am agreeing to purchase _____ membership units for a purchase price of \$5,000/unit. (insert units) (10 Unit or \$50,000 minimum) for a total purchase price of \$ _____ in (insert dollar amount) cash (the “Subscription Price”).**
3. **My primary state of residence is: _____ (insert state)**
4. **My date of birth is: _____ (month/date/year)**
5. **Subscriptions from Accredited Investors**

Subscriptions shall be accepted from those Investors who qualify as an Accredited Investor (as defined below). Please check the box below that applies which shows your qualification as an Accredited Investor.

(a) If a natural person or a trust whose beneficiaries are individuals, please complete this Item 5(a). If not, please skip to Item 5(b).

I hereby represent and warrant (check as appropriate):

- (i) _____ I have an individual net worth, or joint net worth with my spouse, **excluding the value of my primary residence**, of more than \$1,000,000; or
- (ii) _____ I that I have individual income in excess of \$200,000, or joint income with my spouse in excess of \$300,000, in each of the two most recent years and I have a reasonable expectation of reaching the same income level in the current year.

As to the above requirements under 5(a)(i) or (ii) for a natural person, Spousal Equivalent (as defined below) may pool their finances for purposes of qualifying as an accredited investor. “**Spousal Equivalent**” means co-habitants maintaining a relationship equivalent to that of a spouse.

- (iii) _____ I have not borrowed against my primary residence within the 60 days prior to the execution of this Subscription Agreement. [**ACCREDITED INVESTORS MUST CHECK THIS BOX**];
- (iv) _____ A person who has obtained professional certifications, designations or credentials, including Series 7, Series 65 and Series 82 licenses, and such licenses are active and in good standing;



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- (v) _____ Directors, executive officers, general partners and general managers of the issuer of the securities being offered or sold or any director, executive officer, general partner or general manager of a general manager of that issuer;
- (vi) _____ “**Knowledgeable**” employees of a private fund, as defined under Rule 3c-5(a)(4) of the Investment Company Act of 1940, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in §230.506(b)(2)(ii); and
- (vii) _____ Others as contained in Rule 501(a)(9)

(b) If other than a natural person, please complete this Item 5(b).

Such an entity represents and warrants that it is an “**accredited investor**” as defined in Regulation D promulgated under the Securities Act of 1933, as amended (*check if appropriate*):

- (i) _____ A corporation, an organization described in Section 501(c)(3) of the Internal Revenue Code, a Massachusetts or similar business trust, not formed for the specific purpose of acquiring Units, with total assets in excess of \$5,000,000;
- (ii) _____ A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Membership Interest, whose purchase is directed by a person, who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Membership Interest;
- (iii) _____ A limited liability company or partnership with total assets in excess of \$5,000,000;
- (iv) _____ A broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended, or a Registered Investment Advisor registered with the SEC or a State
- (v) _____ Entities that do not qualify under other sections of Rule 501(a) that own “**investments**” (as defined in Rule 2a51-1(b) under the Investment Company Act) in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered;
- (vi) _____ An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 (“**ERISA**”), if the investment decision is made by a plan fiduciary (as defined in section 3(21) of ERISA), which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are accredited investors;
- (vii) _____ A private business development company (as defined in section 202(a)(22) of the Investment Advisers Act of 1940, as amended);
- (viii) _____ A bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;
- (ix) _____ An entity in which all of the equity owners are Accredited Investors under any of the subparagraphs in Item 5(a) or (b);
- (x) _____ A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets of more than \$5,000,000;
- (xi) _____ A “**family office**”, as defined in Rule 202(a)(11)(G)-1 of the Investment Advisers Act with (i) assets under management in excess of \$5 million, (ii) that is not formed for the specific purpose of acquiring the securities offered and



(iii) whose prospective investment is directed by a person who has the knowledge and experience capable of evaluating the merits and risks of the prospective investment; or

(xii) ___ “**Family clients**”, as defined in Rule 202(a)(11)(6)-1 of the Investment Advisors Act, of a qualifying family office whose prospective investment is directed by such family office. In addition, the SEC has issued certain no-action letters and interpretations in which it deemed certain trusts to be accredited investors, such as trusts where the trustee is a bank as defined in Section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clauses (i) or (ii) of paragraph 5(a) above. However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.

In addition, the SEC has issued certain no-action letters and interpretations in which it deemed certain trusts to be accredited investors, such as trusts where the trustee is a bank as defined in Section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clauses (i) or (ii) of paragraph 5(a) above. However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.

6. **Ownership of Units**

I (we) wish to own my (our) Membership Interest(s) as follows (*check one*):

- (a) ___ Separate or individual property
- (b) ___ Husband and wife as community property. (**Community property states only. Husband and wife should sign all required documents.**)
- (c) ___ Joint Tenants with right of survivorship. (**Both parties must sign all required documents.**)
- (d) ___ Tenants in common. (**Both parties must sign all required documents.**)
- (e) ___ Trust. (**Attach evidence of authority for person who executes required documents.**)

(Name of trust, trustee and date trust was formed)

- (f) ___ Partnership (**Include evidence of authority for person who executes required documents.**)
- (g) ___ LLC (**Include evidence of authority for person who executes required documents.**)
- (h) ___ Corporation (**Include evidence of authority for person who executes required documents.**)
- (i) ___ Other, including IRA, 401(k), profit sharing plan, etc.:

(Name of Partnership, LLC, Corporation or Other)



7. **I represent and warrant, in addition to the other representations and warranties contained herein, that I qualify under the following categories** (*check all applicable categories*):
- (a) ___ I have the capacity to protect my interests in connection with the purchase of the Membership Unit(s) and such an investment is not disproportionate to my income or available liquid funds.
- (b) ___ I have a preexisting personal or business relationship with the Company, the Manager, or any of their officers or directors, of a nature and duration as would allow me to be aware of the character, business acumen, general business and financial circumstances of the Manager or of the person with whom such relationship exists.
- (c) ___ I certify that I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of an investment in the Membership Unit(s).
- (d) ___ I am an Affiliate of the Manager.
8. **I certify that I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of an investment in the Unit(s).**
9. **I hereby further make in favor of the Company the additional representations, warranties and covenants contained in the “Representations, Warranties and Covenants of an Investor” summarized below.**

REPRESENTATIONS, WARRANTIES AND COVENANTS OF AN INVESTOR

1. I acknowledge that I have received, read and fully understand the Memorandum and all Exhibits, supplements and attachments thereto. I acknowledge that I am basing my decision to invest in the Membership Interest on the Memorandum and all Exhibits and attachments thereto and I have relied only on the information contained in said materials and have not relied upon any representations made by any other person. I understand that an investment is speculative and involves substantial risks and I am fully cognizant of and understand all of the risk factors relating to a purchase of the Membership Interest, including, but not limited to, those risks set forth under “**Risk Factors**” in the Memorandum.
2. My overall commitment to investments that are not readily marketable is not disproportionate to my individual net worth, and my investment will not cause such overall commitment to become excessive. I have adequate means of providing for my financial requirements, both current and anticipated, and have no need for liquidity in this investment. I can bear and am willing to accept the economic risk of losing my entire investment in the Membership Interest.
3. I acknowledge that the sale of the Membership Interest to me has not been accompanied by the publication of any advertisement or by any general solicitation.
4. All information that I have provided to the Company herein concerning my suitability to invest in the Membership Interest is complete, accurate and correct as of the date of my signature on the last page of this Subscription Agreement. I hereby agree to notify the Company immediately of any material change in any such information occurring prior to the acceptance of this Subscription Agreement, including any information about changes concerning my net worth and financial position.
5. I have had the opportunity to ask questions of, and receive answers from, the Company and the officers and employees of the Manager concerning the Company, the creation or operation of the Company, or the terms and conditions of the offering of the Membership Interest, and to obtain any additional information deemed necessary. I have been provided with all materials and information requested by either me or others representing me, including any information requested to verify any information furnished to me.
6. I am purchasing the Membership Interest for my own account and for investment purposes only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale, or subdivision of the Membership



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Interest. I understand that, due to the restrictions referred to in Section 8, and the lack of any market existing or to exist for the Membership Interest, my investment in the Company will be highly illiquid and may have to be held indefinitely.

7. I understand that: (i) legends will be placed on any certificates evidencing the Membership Interest with respect to restrictions on distribution, transfer, resale, assignment or subdivision of the Membership Interest imposed by federal and state securities laws, (ii) the Membership Interest has not been registered with the Securities and Exchange Commission and are being offered and sold in reliance on an exemption from registration, which reliance is based in part upon my representations set forth herein, and (iii) the Membership Interest has not been registered under state securities laws and are being offered and sold pursuant to exemptions specified in said laws, and unless registered, the Membership Interest may not be re-offered for sale or resold except in a transaction or as a security exempt under those laws.
8. I hereby adopt the operating agreement for the Company, as its sole member.
9. This Subscription Agreement shall be construed in accordance with and governed by the laws of the State of New York, except as to the type of registration of ownership of the Membership Interest, which shall be construed in accordance with the state of principal residence of the subscribing investor.
10. **Notice to Residents of All States:** The Membership Interest offered hereby have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of said act and such laws. The Membership Interest is subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under said act and such laws pursuant to registration or exemption therefrom. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Membership Interest or passed upon the accuracy or adequacy of the Memorandum. Any representation to the contrary is a criminal offense.
11. I hereby covenant and agree that any dispute, controversy or other claim arising under, out of or relating to this Subscription Agreement or any of the transactions contemplated hereby, or any amendment thereof, or the breach or interpretation hereof or thereof, shall be determined and settled in binding arbitration in the City of New York, State of New York, in accordance with the rules and procedures of the American Arbitration Association. The prevailing party shall be entitled to an award of its reasonable costs and expenses including, but not limited to, attorneys' fees, in addition to any other available remedies. Any award rendered therein shall be final and binding on each and all of the parties thereto and their personal representatives, and judgment may be entered thereon in any court of competent jurisdiction.
12. I hereby agree to indemnify, defend and hold harmless the Company, the Manager, and all of its shareholders, officers, directors, affiliates and advisors from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) that they may incur by reason of my failure to fulfill all of the terms and conditions of this Subscription Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents I have furnished to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) incurred by the Company, the Manager, or any of its shareholders, members, partners, managers, officers, directors, affiliates or advisors defending against any alleged violation of federal or state securities laws that is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents I have furnished to any of the foregoing in connection with this transaction.
13. **Verification of Financial Status as an Accredited Investor:** The undersigned acknowledges that this offering of membership interests in the Company is being made pursuant to 506(c) of Reg D under the Securities Act of 1933, as amended and as a result my subscription may only be accepted by the Company, if the undersigned can verify to the Company that the undersigned is an accredited investor. The definition for which constitutes an accredited investor is set forth in the attached qualification statement. In order to provide such verification to the Company, the undersigned hereby acknowledges and agrees, that before my subscription can be accepted by the General



Manager of the Company, the undersigned hereby agrees to provide such verification of my financial status as an accredited investor by one of the following means:

- (i) a letter from the undersigned's accountant, lawyer and/or broker (whose firm is either a registered broker dealer and/or investment advisor), which confirms to the Company that the undersigned is an accredited investor; or**
- (ii) a current net worth statement, balance sheet and/or tax return which confirms that the undersigned qualifies as an accredited investor.**

14. PDF Copy of Subscription Agreement and Signature Page for the Operating Agreement.

The Investor may send back a completed Subscription Agreement and the signed copy of the signature page for the Operating Agreement for the Company in PDF format, which PDF format shall be the same as if the original copy of both were submitted and shall be binding upon the Investor upon acceptance of such subscription agreement by the Manager.

- 15. Miscellaneous:** (a) I may not transfer or assign this Subscription Agreement, or any interest herein except in conformance with the provisions of the Operating Agreement of the Company, and any purported transfer shall be void; (b) I hereby acknowledge and agree that I am not entitled to cancel, terminate or revoke this Subscription Agreement and that this Subscription Agreement will be binding on my heirs, successors and personal representatives; provided, however, that if the Company rejects this Subscription Agreement, this Subscription Agreement shall be automatically canceled, terminated and revoked; (c) This Subscription Agreement and the Operating Agreement, together with all attachments and exhibits thereto, constitute the entire agreement among the parties hereto with respect to the sale of the Membership Interest and may be amended, modified or terminated only by a writing executed by all parties (except as provided herein with respect to rejection of this Subscription Agreement by the Company); (d) Within five days after receipt of a written request from the Company, the undersigned agrees to provide such information and to execute and deliver such documents as may be reasonably necessary to comply with any and all laws and regulations to which the Company is subject; and (e) The representations and warranties of the undersigned set forth herein shall survive the sale of the Membership Interest pursuant to this Subscription Agreement.



INVESTOR REGISTRATION INFORMATION

Please print the EXACT NAME (the “**Registration Name**”) you desire on the account:

Registration Name: _____

Legal Address: _____

ADDITIONAL CONTACT INFORMATION

Please fill in an additional contact information below if different from the Registration information address above.

Name (if different from above): _____

Mailing Address (if different from above): _____

Citizen of: United States Other Country: _____

Principal Country of Residence: United States Other Country: _____

Birthdate: _____
(month/date/year)

Phone: Business: _____ Phone: Mobile: _____

Home: _____ Fax: _____

Email: _____

Social Security or Federal Tax ID Number: _____



DISTRIBUTIONS

You have the option to receive distributions in the form of a direct deposit (**Option 1**) into an account designated by you; or to have your distributions sent to a custodial account (**Option 2**). A voided check is required for direct deposit. Any subscription submitted without a voided check will not be accepted. *(please check one)*

OPTION 1 (DIRECT DEPOSIT)

Banking Institution: _____

Type of Account (*check one*): Checking Savings Brokerage Money Market

Exact Name on Bank Account: _____

Account Number: _____

Routing Number: _____

OPTION 2 (CUSTODIAL ACCOUNT)

Qualified account Non-qualified account

Custodian Name: _____

Custodial Account Number: _____

Checks Payable to: _____

Mailing Address of Custodian: _____



TRUSTED CONTACT PERSON INFORMATION (optional)

Your Trusted Contact Person is an individual you designate to act as your emergency contact should you become unable to manage your account, or if we are unable to reach you directly. Collecting this information is purely precautionary. By choosing to provide trusted contact information, it allows us to disclose limited account information to address possible financial exploitation; an/or to confirm our contact information; health status; or the identity of any legal guardian, executor, trustee, or attorney-in-fact. Contact may also be initiated as otherwise permitted by law.

Name of Trusted Contact: _____

Mailing Address: _____

Phone Number: _____ Email Address: _____

Relationship to Investor: _____



INVESTOR SIGNATURES

THE UNDERSIGNED HAS THE AUTHORITY TO ENTER INTO THIS SUBSCRIPTION AGREEMENT ON BEHALF OF THE PERSON(S) OR ENTITY REGISTERED IN ITEM A ABOVE.

Executed this day _____.

X

Signature (Investor, or authorized signatory)

X

Signature (Investor, or authorized signatory)

COMPANY ACCEPTANCE

The Company hereby accepts this Subscription Agreement.

Executed this day _____.

TEI Diversified Income & Opportunity Fund VII, LLC,
a Delaware limited liability company

By: Time Equities Management VII, LLC, a Delaware limited liability company, as its Manager

By: _____
Robert Kantor, Co-Manager or Authorized Signatory



BROKER DEALER / REGISTERED INVESTMENT ADVISOR (“RIA”) AFFIRMATION

(To be completed by third party soliciting Broker Dealer or RIA Only)

The Investor listed below is an “accredited investor” as that term is defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended (an “Accredited Investor”) and permitted to participate in the private placement offering of Units (the “Offering”) by TEI Diversified Income & Opportunity Fund VII, LLC (the “Company”). The undersigned authorized representative of the Investor (the “Representative”) named below hereby certifies to the Fund as follow:

1. I am qualified to provide this representation as *(check all that apply)*:
 a registered broker dealer;
 an SEC registered investment advisor;
2. I have taken reasonable steps to verify that the Investor (whether individual or together with a spouse) is an “accredited investor” based on the income and/or net worth (calculated pursuant to Rule 501(a) of Regulation D) of the Investor. I have determined that the Investor is an Accredited Investor.
3. I have made such determination within the past three (3) months of the date of this affirmation and the date of the Investor’s subscription for Company units. To my knowledge after reasonable investigation, no facts, circumstances or events have arisen after that date that led me to believe that the Investor has ceased to be an Accredited Investor. I acknowledge that the Company will rely on this letter in determining the Investor’s eligibility to participate in the Offering and I consent to such reliance.

Name of Investor: _____

Name of Investor Representative: _____

Name of Investor Representative’s Firm: _____

Investor Representative’s Address: _____

City: _____ State: _____ Zip Code: _____

Investor Representative’s E-mail address: _____

Investor Representative’s Phone Number: _____

By signing this Verification Letter, I certify that the statements above are true, correct and complete as of the date set forth below.

X _____
Signature of Investor Representative

X _____
Signature of Principal Approval (if applicable)

Dated: _____

Dated: _____



CUSTODIAL FUNDS AUTHORIZATION (if applicable)

Trust, IRA, qualified plan, corporation, partnership or other entity investors: please provide information regarding the entity and the individual(s) responsible for the entities investment decision. Custodial information should be presented here for IRA and qualified plan investors. **Note: For Custodial accounts (IRA, etc.) distributions must be sent to the custodian unless the custodian provides written instructions to send distributions elsewhere.**

Name of Entity

Tax ID Number of Entity

Address of Entity

Telephone Number

Account Number (custodial accounts)

Type of Entity (Trust, IRA, 401(k), Corp, etc.)

Date of Formation

Custodial Entity Authorized Person

Title of Authorized Person

Afix Medallion Signature Stamp Here



CONSENT OF SPOUSE (if applicable)

**For purchasers in community property states, which are currently
Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin**

I, _____, spouse of _____
Print name of Spouse *Print Name of Investor*

have read and hereby approve of the Instructions to Investors and Subscription Agreement of TEI Diversified Income & Opportunity Fund VII, LLC for the Membership Interest in the Company (the "Subscription Agreement"), which my spouse has signed. I hereby appoint my spouse as my attorney-in-fact with respect to the exercise of any rights related to a purchase of any such Membership Interest and agree to be bound by the provisions of the Subscription Agreement, the Confidential Private Placement Memorandum dated July 1, 2025, and all Exhibits thereto ("Memorandum"), and any other documents related to the purchase of such Membership Interest (collectively, the "Purchase Documents") insofar as I may have any rights in said Purchase Documents or any property or interest subject thereto under the community property laws

of the State of _____ or similar laws relating to marital property in effect in the state
Enter State Listed Above
of our residence as of the date of signing of the Subscription Agreement and/or the Purchase Documents.

X

Signature (Spouse, or authorized signatory)

Dated: _____

IF YOU LIVE IN A COMMUNITY PROPERTY STATE AND ARE NOT MARRIED, INITIAL HERE: _____



OPERATING AGREEMENT SIGNATURE PAGE

EXHIBIT A

Operating Agreement Signature Page

This is the signature page for the Operating Agreement for TEI Diversified Income & Opportunity Fund VII, LLC, a complete copy of which is included in the documents sent to you as part of your subscription package.

Executed this day _____.

MEMBER(s):

X

Print Name (Investor or authorized signatory)

X

Signature (Investor or authorized signatory)

X

Print Name (Investor or authorized signatory)

X

Signature (Investor or authorized signatory)



INDEPENDENT THIRD-PARTY VERIFICATION LETTER (TEMPLATE)

EXIBHIT B

Independent Third-Party Verification Letter

Date of Completion: _____

Legal Name of Third Party: _____

Firm name: _____

Street Address: _____

City, State, Zip-Code: _____

Email: _____

My client, _____, (the "Prospective Investor"), has requested that I verify the Prospective Investor's status as an "accredited investor" as that term is defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended (an "Accredited Investor"). This verification is requested to ensure that the Prospective Investor is eligible to participate in a placement of securities (the "Offering") by **TEI Diversified Income & Opportunity Fund VII, LLC** (the "Company") that is only open to Accredited Investors.

The Prospective Investor qualifies as an Accredited Investor based on their net worth or income as defined below (calculated pursuant to Rule 501(a) of Regulation D), and that I have undertaken an independent analysis of the Prospective Investor's status as an Accredited Investor at least once during the three-month period preceding the date of this letter.

Select only one of the following options below:

I am a certified public accountant duly registered and in good standing under the laws of the jurisdiction of my residence or principal office.

I am an attorney duly registered and in good standing under the laws of the jurisdiction of my residence or principal office.

I am a Registered Representative at an SEC-registered investment advisor OR FINRA Member Broker-Dealer, in good standing under the laws of the jurisdiction of my residence or principal office.

Check box (A), (B), (C) or (D) below and fill in the section, as applicable:

A. I have taken reasonable steps to verify that the **Prospective Investor is an Accredited Investor based on their net worth** (whether individually or together with their spouse) and, based on those steps, I have determined that the Prospective Investor is an Accredited Investor. The most recent date as of which I have made such determination is _____. To my knowledge after reasonable investigation, no facts, circumstances, or events have arisen after that date that lead me to believe that the Prospective Investor has ceased to be an Accredited Investor. I acknowledge that the Company will rely on this letter in determining the Prospective Investor's eligibility to participate in the Offering and I consent to such reliance.

B. I have taken reasonable steps to verify that the **Prospective Investor is an Accredited Investor based on their income** (whether individually or together with their spouse) and, based on those steps, I have determined that the Prospective Investor is an Accredited Investor. The most recent date as of which I have made such determination is _____.

(insert date)



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- C. ___ To my knowledge after reasonable investigation, no facts, circumstances, or events have arisen after that date that lead me to believe that the Prospective Investor has ceased to be an Accredited Investor. I acknowledge that the Company will rely on this letter in determining the Prospective Investor's eligibility to participate in the Offering and I consent to such reliance.
- D. ___ I cannot confirm the Prospective Investor's status as an Accredited Investor.

Signed:

Legal Name of Third Party: _____

Signature: _____

Dated: _____

***NOTE:** If you prefer to use a different form of documentation to confirm the Prospective Investor's status as an Accredited Investor, please submit your alternative form of verification to the Company using one of the methods listed in the last full paragraph above. Note that if you use a different form of verification, it must be signed and dated, and include, at a minimum: (a) confirmation of your status as [a registered broker-dealer/an SEC-registered investment adviser/a licensed attorney in good standing under the laws of the jurisdictions in which you are admitted to practice/a certified public accountant duly registered and in good standing under the laws of the jurisdiction of your residence or principal office]; (b) a statement that you have taken reasonable steps to verify that the Prospective Investor qualifies as an Accredited Investor based on [his/her] [income/net worth]; (c) a statement that, based on those steps, you have determined that the Prospective Investor is an Accredited Investor; (d) the date as of which you most recently made that determination; (e) a statement that, to your knowledge after reasonable investigation, no facts, circumstances or events have arisen after that date that lead you to believe that the Prospective Investor has ceased to be an Accredited Investor; and (f) an acknowledgement that the Company will rely on your letter in determining the Prospective Investor's eligibility to participate in the Offering and your consent to such reliance.)*



DEFINITION OF AN ACCREDITED INVESTOR

SCHEDULE A

Definition of an Accredited Investor

The term “Accredited Investor” is defined as any of the following:

- (i) Has an individual net worth, or joint net worth with my spouse, excluding the value of their primary residence, of more than \$1,000,000. Has not borrowed against their primary residence within the 60 days prior to the execution of this Subscription Agreement;
- (ii) Has individual income in excess of \$200,000, or joint income with my spouse in excess of \$300,000, in each of the two most recent years and I have a reasonable expectation of reaching the same income level in the current year;
- (iii) A person who has obtained professional certifications, designations or credentials, including Series 7, Series 65 and Series 82 licenses, and such licenses are active and in good standing;
- (iv) Directors, executive officers, general partners and general managers of the issuer of the securities being offered or sold or any director, executive officer, general partner or general manager of a general manager of that issuer;
- (iv) “Knowledgeable” employees of a private fund, as defined under Rule 3c-5(a)(4) of the Investment Company Act of 1940, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in §230.506(b)(2)(ii);
- (v) Others as contained in Rule 501(a)(9);
- (vi) A corporation, an organization described in Section 501(c)(3) of the Internal Revenue Code, a Massachusetts or similar business trust, not formed for the specific purpose of acquiring the Membership Interest, with total assets in excess of \$5,000,000;
- (vii) A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Membership Interest, whose purchase is directed by a person, who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Membership Interest;
- (viii) A limited liability company or partnership with total assets in excess of \$5,000,000;
- (ix) A broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended, or a Registered Investment Advisor registered with the SEC or a State;
- (x) Entities that do not qualify under other sections of Rule 501(a) that own “investments” (as defined in Rule 2a51-1(b) under the Investment Company Act) in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered;
- (xi) An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 (“ERISA”), if the investment decision is made by a plan fiduciary (as defined in section 3(21) of ERISA), which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are accredited investors;



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- (xii) A private business development company (as defined in section 202(a)(22) of the Investment Advisers Act of 1940, as amended);
- (xiii) A bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;
- (xiv) An entity in which all of the equity owners are Accredited Investors under any of the subparagraphs in Item 5(a) or (b);
- (xv) A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets of more than \$5,000,000;
- (xvi) A “family office”, as defined in Rule 202(a)(11)(G)-1 of the Investment Advisers Act with (i) assets under management in excess of \$5 million, (ii) that is not formed for the specific purpose of acquiring the securities offered and (iii) whose prospective investment is directed by a person who has the knowledge and experience capable of evaluating the merits and risks of the prospective investment; or
- (xvii) “Family clients”, as defined in Rule 202(a)(11)(6)-1 of the Investment Advisers Act, of a qualifying family office whose prospective investment is directed by such family office. In addition, the SEC has issued certain no-action letters and interpretations in which it deemed certain trusts to be accredited investors, such as trusts where the trustee is a bank as defined in Section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clauses (i) or (ii) of paragraph 5(a) above. However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.