

The Official Publication of Time Equities, Inc.

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The Manhattan real estate market is holding up relatively well, as both residents and businesses are committed to remaining in one of the world's greatest cities.

Time Equities, Inc.
55 Fifth Avenue 15th Floor
New York, NY 10043-4398
212.206.6000 FAX 212.717.0563

Francis Greenburger
Chairman & Chief Executive Officer

Robert Kantor
President & Chief Operating Officer

David Becker
Managing Director — Equity Investments

Welcome to the premiere issue of Time Equities Investor newsletter. We have created this bi-annual newsletter to keep our current and prospective investors up to date on the trends and transactions occurring in the various markets in which we participate. I hope you will find it useful and informative.

Over the past 35 years, Time Equities, Inc. (TEI) has remained on the forefront of the real estate industry as a leader in the investment, development and property management business. TEI currently holds in its portfolio approximately 12.5 million square feet of residential, industrial, office and retail properties, including more than 3,300 multi-family apartment units. With properties in 19 states and three Canadian provinces, our portfolio benefits from a diversity of property types, sizes and markets, thereby minimizing the risks inherent in the inevitable real estate cycles.

In light of the horrific events of September 11th, 2001 and the current uncertainty of the economic climate, I am sure that many of you are concerned about the real estate markets and how our own Downtown/Financial District properties in particular are faring. Let me assure you that our Manhattan real estate is holding up relatively well, as both residents and businesses are committed to remaining in one of the world's greatest cities. We at TEI have worked hard over the past several months to assure that both our people and assets are secure and operational. Some of our Downtown properties include 41-43 John Street, 47 West Street, 50 West Street, 125 Maiden Lane,

150-2 Chambers Street, 80-84 Nassau Street and 56 Beaver Street.

This is not to say that the New York City and national real estate markets are not feeling the effects of the recession and technology bust. They are. Office vacancy rates have doubled and even tripled in many markets. Even multi-family rental properties are feeling the recession, with many markets seeing occupancy dip below 90% for the first time in a decade.

Because of the specific leasing profile and diversification of the TEI portfolio, the economic effect of the current cycle on many of our properties has been minimized. Furthermore, we see this as a good environment for opportunistic investing and hope to be able to present our investors with a number of good "buys" during the coming year.

As always, it is a pleasure to be of service to you, and we look forward to keeping you updated.

signature??



Francis Greenburger

acquisitions

Refinancing Activity

Murray Business Center

Portland, OR

In the fall of 2001, TEI closed a \$24,000,000 first mortgage refinancing of our Murray Business Center property, purchased in July of 1997 for \$16,650,000. This permitted TEI to return 140% of our investor's capital (tax free) and still left plenty of cash flow for continuing distributions.

185th Oregon Equities LLC

Portland, OR

TEI purchased this property in March of 1999 for \$12,000,000 subject to a short-term below-market lease with Wells Fargo Bank. We were able to successfully extend their lease for an additional 10 years at market rate. This enabled us to refinance the property and return 75% of the



Murray Business Center



185th Oregon Equities

investor's capital with enough cash flow left over to yield approximately 25% leveraged returns on our investor's remaining capital in the deal.

80 Nassau Street

9-15 Dutch Equities, & Dutch Land LLC
New York, NY

During the early fall months of 2001, TEI was in the process of refinancing this property, which as many of you know is within a few blocks of the World Trade Center area. Although the building sustained no physical damage from the attack, as you can imagine, the following weeks in NYC and across the country were chaotic. Nonetheless, we were able to turn to one of our long-time banking relationships, North Fork Bank, and successfully closed a long-term \$7,250,000 loan at a very favorable rate of 6.5% interest.

Milestone Square Equities Group

Pleasant Valley, NY

In the spring of 2001, TEI was able to take advantage of the historically low interest rate environment by refinancing the Milestone Square Shopping Center property for a considerably lower rate and a five-year extension on a \$3,200,000 loan. The partnership was paying an interest rate of 8.75% per year and is now paying 2% over the 30 day Libor Rate (the current rate, as of May 2002, is 4%). It is important to note that the Libor-based rate is a floating rate and is therefore subject to change, but our debt service cost for the moment has been significantly reduced.

Acquisition Update

47-47 Austell Place

Long Island City, NY

TEI acquired a 120,000-square-foot industrial building located in the heart of Long Island City in July 2001. TEI purchased the property from Confort & Company, a 75-year-old third-generation printing company for \$8,300,000 (\$69/SF). This was a sale/leaseback transaction where Confort & Company took back a 15 year lease. As many of you know, this offering was heavily over subscribed and the investment has been distributing 11% per year since the inception of the deal.

Portland Portfolio Equities LLC

Portland, OR Metropolitan Area

In March of 2001, TEI acquired a large portfolio of office, flex and retail properties throughout various sub-markets in the Portland Metropolitan area. The portfolio is approximately 620,000 square feet and was acquired for \$45,400,000 (\$73/SF). Although it has experienced some recent softness due to the current economic climate and technology bust, the investment distributed 9% to the investors for 2001. The portfolio is very well diversified in different sub-markets and includes several multi-tenanted buildings. TEI joined forces with strategic partner William Felton Associates in closing this transaction.

Seekonk Equities LLC

Seekonk, MA — suburb of Providence, RI

In January of 2002, TEI acquired a 214,000-square-foot shopping center in

properties



Seekonk, MA for \$15,250,000 (\$71/SF). TEI acquired the property 98% occupied with national anchor tenants including Staples, Sports Authority and Circuit City. The investment is currently distributing 8% per year with the probability of a bonus distribution after the 2002 financial performance is evaluated. The property is well located on Route 6, the major retail highway in the market. It was recently announced that a new Home Depot and Super Stop & Shop will be built adjacent to our property. We view that very positively.

Twinsburg Equities Group LLC

Twinsburg, Ohio

In January of 2001, TEI acquired the a 175,000-square-foot national headquarters building of Cole National (CNJ:NYSE), a publicly traded corporation doing business as Pearl Vision Centers and the 800 store national chain known as Things Remembered. The office property was purchased for \$16,250,000 (\$93/SF). Cole National recently reported strong fourth quarter results and management has indicated that its long-term strategies for boosting performance are on track. Its stock is currently trading near its 52-week high having risen from \$10 in March of 2001 to its current price of \$18, an 80% increase. As you may recall, when we purchased the building, we obtained purchase money financing from Cole National in the amount of \$1,625,000. Last fall, we successfully negotiated a 50% prepayment

discount on the loan. This was a very favorable event and should provide for additional cash flow and distributions over the life of the investment. During 2001, the investment distributed an 11% return to our investors.

360 Saint Jacques

Montreal, Quebec, Canada

TEI recently acquired one of the most beautiful office buildings located in the heart of Old Montreal. 360 Saint Jacques is regarded by many as the premier office building in the Old Montreal market. TEI acquired the 320,000-square-foot property for \$19,000,000 (Canadian \$60/SF). The property has over 50 tenants and is currently 97% occupied.



360 St. Jacques

Major Retail Lease Transaction at 96th & Broadway

In 1983, TEI formed a partnership to purchase a six-story mixed-use elevator building at 214 West 96th Street with rent stabilized and rent controlled residential tenants and a below-market retail lease that did not expire until 2003. Although the property performed very well due to the strong residential income that has been achieved, the property recently enjoyed a major up tick with TEI recently securing a large retail-lease transaction with Washington Mutual Savings Bank as the tenant. The rental income under the new leases will increase the cash flow from the property over 300%, from \$350,000 to approximately \$1,000,000. Scott Klasky, TEI's Director of Leasing, made the deal.

Update on the NYC Cooperative & Condominium Markets

The New York cooperative and condominium markets remain near historic highs as apartments are being sold at very favorable prices. TEI has been very successful in our continuing sales program as apartments in our various New York City properties have become available for sale. We are hopeful that this trend will continue and that future vacancies will present our investors with returns similar to those we have achieved thus far. In some cases, we are selling single apartment vacancies in some of the older deals for more than we paid for the entire building many years ago. Will history repeat itself? Hard to imagine.

Employee Profile

David Becker, Managing Director — Equity Investments

David Becker joined TEI in May of 1998 as an Acquisition Associate and the Assistant Director of Commercial Asset Management. Prior to joining the firm, he spent four years working in Arthur Andersen's Real Estate Consulting Group. David received his B.S.M. from Tulane University's A.B. Freeman School of Business in May 1994 with a concentration in accounting and finance. At TEI,

David quickly gained recognition for his professional abilities. Recently promoted to head up the TEI Investor Program, he is mainly responsible for raising equity from our individual and institutional investors for the firm's diverse portfolio of investments. David is also the main company contact person for investors to discuss their current holdings and to learn more about upcoming TEI investment opportunities. He also supervises the distribution of partnership income and preparation of our year-end

financial reports. David was instrumental in helping to create a recently formed entity that is a licensed Broker-Dealer, TE Securities LLC, which is a member of the NASD & SIPC.



David Becker



Time Equities, Inc.
55 Fifth Avenue, 15th floor New York, New York 10003-4398
(212) 206-6000 Fax: (212) 727-0563

