

## **Mallios Realty DC Realty Fund I**

Mallios Realty has formed the DC Realty Fund I in 2009 for the purpose of acquiring new properties. The fund will raise cash from investors to acquire vacant or otherwise distressed retail property in the greater Washington DC area. The fund will purchase properties on an all cash basis or occasionally take advantage of inexpensive assumable financing. This strategy will allow us to move quickly in acquiring these properties to obtain the best possible deal. Vacant properties are very difficult to finance in today's climate, so this is where the best opportunities will be found for the foreseeable future. In addition, this approach will allow us to save the costs associated with traditional financing including bank charges and loan recordation fees.

The fund will target retail properties, both urban and suburban. The geographic target will range within an hour of Washington, although the expectation is to invest heavily in the District and nearby suburbs. The target size of the properties in the fund will be in the \$500,000 to \$2,000,000 range. Our expectation is that the fund will ultimately own half a dozen small properties, which may have as many as twenty tenants. This will provide favorable diversity so even when several stores are vacant the fund will continue to generate cash flow.

Targeting properties without long-term large anchor type tenants also allows us to increase rents during the next commercial boom cycle, providing for the maximum shareholder return. When individual properties are stabilized we may seek very conservative financing and use the proceeds to acquire more properties. The fund will maintain a significant equity position in all of its properties to mitigate risk and allow for a greater distribution to the partners as opposed to the traditional highly leveraged model where most of the proceeds go to the lender.

We are currently seeking investors interested in an equity position in this secure commercial real estate fund. The fund will raise \$4,950,000 dollars from accredited investors and each share will be \$55,000, so there will be 90 shares available. Initially the fund will have a 2 share minimum purchase. In order to comply with SEC regulations the fund will have a maximum of 25 investors, so we may raise the minimum or reduce the equity raise if necessary to maintain compliance. For structuring this offering, the Managing Members will receive aggregate compensation of shares equivalent to 10% of the equity raised for no capital contribution. Thus, the interests offered herein will represent a 90% ownership interest in the Company, so each share will own 1% of the company.

Peter Mallios is currently the only managing member of the fund, although other managing members may be added in the future. The investors benefit by the experience and integrity of Peter Mallios. He brings a career of real estate expertise to the company, adding value through leasing, management and repositioning. The leasing and management of all properties is handled by Peter Mallios. The result is a secure and

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conservative investment offering a favorable return in the Washington DC market, one of the top real estate markets in the country.

The fund expects that initial properties will require substantial leasing or modest renovations, so the initial cash flow is expected to be minimal. Our expectation is that stabilized properties will generate greater returns than what is typically available in the market. All income proceeds from operations shall be distributed quarterly. The goal is to divest a portion of the portfolio in approximately ten years, which we expect will be the peak of the next real estate cycle, and return investors substantial proceeds at that time.

The ultimate goal of Mallios Realty is to build a long-term business relationship with our investors. Peter Mallios is available to answer any questions and meet to discuss the opportunity. A full prospectus is available upon request at 202-374-0123 or [pete@malliosrealty.com](mailto:pete@malliosrealty.com).