

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

The Exchange Building

Floors 4–8 · Memphis, Tennessee

DRAFT – FOR DISCUSSION PURPOSES ONLY

Issuer: Silk Road Group, LLC

Property: 9 North Second Street, Memphis, Tennessee 38103

Offering: [Membership Interests / Direct Property Sale] in Floors 4–8

Total Offering Amount: \$[_____]

Minimum Investment: \$[_____]

Exemption: Rule 506(b) of Regulation D, Securities Act of 1933

Date: February 2026

THIS IS A DRAFT TEMPLATE. This document must be reviewed, completed, and approved by qualified securities counsel before use. It is not a final legal document and should not be distributed to investors in its current form. All bracketed items [____] require completion with actual offering terms.

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1. Summary of the Offering

Item	Description
Issuer	Silk Road Group, LLC, a Tennessee limited liability company
Property	The Exchange Building, 9 North Second Street, Memphis, TN 38103 — specifically Floors 4 through 8
Offering Type	[Direct sale of real property interests / Sale of LLC membership interests]
Total Offering	\$_[_____]
Minimum Investment	\$_[_____]

Price Per Unit/Interest	\$_[_____]
Square Footage	Approximately 50,000 gross square feet across five floors
Unit Count	65 apartment units (currently configured)
Building Total	198 units, 19 floors, 217,244 total SF
Year Built	1910 (National Register of Historic Places)
Exemption	Rule 506(b) of Regulation D under the Securities Act of 1933, as amended
Eligible Investors	Accredited investors as defined in Rule 501(a) of Regulation D; up to 35 sophisticated non-accredited investors
Use of Proceeds	See Section 5
Sponsor Retained Interest	Silk Road Group retains Floors 1–3 and 9–19, and continues to operate the building
Closing Date	[_____]

Offering Highlights

- Acquisition of five contiguous floors in a 19-story National Register landmark in Downtown Memphis
- 65 existing apartment units generating current rental income
- Significant value-add potential through unit renovation, hospitality conversion, or mixed-use redevelopment
- Sponsor retains majority of building and continues operations — aligned incentives
- \$8M+ of capital improvements already completed by Sponsor since 2010
- Located in the path of major development catalysts: xAI (\$10B+ investment), St. Jude (\$12.9B campus expansion), FedEx headquarters proximity

2. Risk Factors

An investment in the Property involves a high degree of risk. Prospective investors should carefully consider the following risk factors, among others, before making an investment decision:

General Real Estate Risks

- **Illiquidity.** Real estate investments are inherently illiquid. There is no public market for the interests offered, and none is expected to develop. Investors may not be able to liquidate their investment when desired.
- **Market conditions.** Real estate values and rental rates may decline due to economic downturns, oversupply, changes in demand, or other factors beyond the Issuer's control.
- **Interest rate risk.** Rising interest rates may reduce property values and increase financing costs.
- **Environmental risk.** The Property may be subject to environmental liabilities, including the presence of hazardous materials, lead paint, or asbestos, particularly given the building's 1910 construction date.
- **Natural disaster risk.** The Property is located in the New Madrid Seismic Zone and may be subject to earthquake, flood, or severe weather risks.

Property-Specific Risks

- **Historic building challenges.** As a National Register property, renovations may be subject to historic preservation requirements that increase costs and limit design flexibility.
- **Deferred maintenance.** Despite \$8M+ in improvements, a building of this age may require significant additional capital expenditures.
- **Shared building systems.** Floors 4–8 share HVAC, electrical, plumbing, elevator, and fire protection systems with the remainder of the building. Disputes over maintenance responsibility and cost allocation may arise.
- **Partial building ownership.** The purchaser will own floors within a larger building controlled by the Sponsor. Operational conflicts, access disputes, or disagreements over building management could materially impact the investment.
- **Tenant risk.** Existing tenants may default, vacate, or require concessions. Occupancy rates and rental income are not guaranteed.
- **Renovation/conversion risk.** Any renovation or use conversion (e.g., to hotel, short-term rental, or commercial use) involves construction risk, regulatory approvals, cost overruns, and timeline uncertainty.
- **Zoning and regulatory risk.** Changes in zoning, building codes, short-term rental regulations, or other local ordinances could restrict intended uses or increase compliance costs.

Offering-Specific Risks

- **No independent valuation.** The offering price has been determined by the Sponsor and has not been independently appraised or verified.
- **Forward-looking statements.** Financial projections and pro forma analyses are estimates only and may not be achieved.
- **Conflicts of interest.** The Sponsor retains the majority of the building and may have interests that conflict with those of the purchaser.
- **Limited operating history for offered floors.** While the building has been operated since 2010, the specific economics of Floors 4–8 as a standalone investment have not been independently tested.
- **Tax risk.** Tax laws may change. Investors should consult their own tax advisors regarding the tax consequences of this investment.

Attorney note: Risk factors should be reviewed and expanded by counsel based on the final offering structure, any financing arrangements, and specific property conditions identified during due diligence.

3. The Property

3.1 Property Overview

Item	Detail
Address	9 North Second Street (a.k.a. 130 Madison Avenue), Memphis, TN 38103
Building Type	High-rise residential / mixed-use
Year Built	1910
Historic Status	National Register of Historic Places
Total Building	19 floors, 198 units, 217,244 SF
Offered Floors	Floors 4–8 (approximately 50,000 SF, 65 units)
Construction	Steel-frame, masonry exterior
Elevators	[Number] passenger elevators (modernized [year])
Parking	[Description of parking arrangements]
Zoning	[Current zoning designation]

3.2 Capital Improvements Completed

Since acquiring the Property in 2010, Silk Road Group has invested approximately \$8+ million in capital improvements, including:

- Elevator modernization
- Fire protection and life safety system upgrades
- Security infrastructure (cameras, access control, monitoring)
- Common area renovations (lobbies, hallways, amenity spaces)
- Electrical system upgrades
- Plumbing infrastructure improvements
- Facade preservation and weatherproofing
- Unit renovations across multiple floors

3.3 Floor-by-Floor Summary (Offered Floors)

[Insert detailed floor plans, unit counts, unit types, and square footage breakdowns for each of Floors 4, 5, 6, 7, and 8. Include current rental rates, occupancy status, and lease terms for each unit.]

3.4 Building Systems Shared with Retained Floors

[Detail the shared building systems (HVAC, electrical, plumbing, elevators, fire protection, security) and describe the proposed cost-allocation methodology, maintenance responsibilities, and any condominium or cooperative regime to be established.]

4. The Market — Downtown Memphis

4.1 Market Overview

Downtown Memphis is experiencing a historic inflection point driven by several major catalysts:

- **xAI (Elon Musk):** \$10+ billion investment in Memphis, bringing thousands of high-income tech workers to the metro area
- **St. Jude Children's Research Hospital:** \$12.9 billion campus expansion adjacent to Downtown
- **FedEx:** Global headquarters in Memphis, ongoing investment in logistics infrastructure
- **Memphis Medical District:** Major healthcare employment center within walking distance
- **Riverfront development:** \$60M+ Tom Lee Park redevelopment completed

4.2 Residential Market Data

[Insert current market data: Downtown Memphis vacancy rates, average rental rates per SF, absorption trends, comparable property sales, cap rates for multifamily properties, population growth statistics, employment data.]

4.3 Competitive Analysis

[Insert comparable properties analysis: identify 5-8 comparable downtown residential buildings with rental rates, occupancy, amenities, and competitive positioning relative to The Exchange Building.]

4.4 The Madison Avenue Corridor

The Exchange Building anchors what the Sponsor has identified as the "Madison Corridor" — a stretch of Madison Avenue between Main Street and B.B. King Boulevard with significant redevelopment potential. The Sponsor's broader vision includes hospitality, creative office, retail, and cultural programming along this corridor.

5. Use of Proceeds

Use	Amount	% of Proceeds
Acquisition of Floors 4–8	\$_[_____]	[_]%
Renovation reserve	\$_[_____]	[_]%

Working capital reserve	\$[_____]	[_]%
Organizational and offering expenses	\$[_____]	[_]%
Legal and closing costs	\$[_____]	[_]%
Total	\$[_____]	100%

6. Financial Projections

6.1 Current Operating Performance

[Insert trailing 12-month income and expense statement for Floors 4–8, including: gross rental income, vacancy/collection loss, effective gross income, operating expenses (management, maintenance, insurance, taxes, utilities, reserves), and net operating income (NOI).]

6.2 Pro Forma — As-Is Scenario

[Insert 5-year pro forma projections assuming current use as residential apartments with modest rent increases and stabilized occupancy.]

6.3 Pro Forma — Value-Add Scenario

[Insert 5-year pro forma projections assuming unit renovations, rental rate increases to market, and improved occupancy. Include renovation budget and timeline.]

6.4 Pro Forma — Conversion Scenario

[Insert pro forma projections for potential hotel/short-term rental conversion, including estimated conversion costs, timeline, and projected revenue under hospitality operations.]

IMPORTANT: All financial projections are estimates and forward-looking statements. Actual results may differ materially. See "Risk Factors" for additional information. These projections have not been independently audited or verified.

7. Management & Sponsor

7.1 Silk Road Group, LLC

Silk Road Group, LLC is the owner and operator of The Exchange Building. The group is composed of members of the Umarov family, who have resided in Germantown, Tennessee since 1997.

7.2 Key Principals

Gulam Umarov — Managing Member

[Insert biography: background, experience, role in building operations, other business interests, education.]

Sardor Umarov — Member

[Insert biography: background, experience, role in building operations, technology/systems expertise, education.]

7.3 Track Record

- Acquired The Exchange Building in 2010
- Invested \$8+ million in capital improvements
- Stabilized occupancy across 198 units
- Implemented modern security, fire protection, and building management systems
- Prior business experience includes DOD logistics contracts, telecommunications, agricultural infrastructure, and hospitality technology

7.4 Conflicts of Interest

Prospective investors should be aware of the following potential conflicts:

- The Sponsor retains Floors 1–3 and 9–19 and will continue to manage building-wide operations. Decisions regarding shared systems, common areas, and building policies will be made by the Sponsor.
- The Sponsor may engage in other real estate activities along the Madison Corridor that could compete with or complement the offered floors.
- The offering price was determined by the Sponsor without independent appraisal.
- The Sponsor or its affiliates may receive management fees, acquisition fees, or other compensation in connection with the Property.

8. Terms of the Offering

8.1 Securities Offered

[Membership interests in a to-be-formed LLC / Direct real property interests] in Floors 4–8 of The Exchange Building.

8.2 Offering Price

[\$_____] for 100% of the offered floors.

8.3 Minimum Investment

[\$_____]. The Issuer reserves the right to accept subscriptions for lesser amounts in its sole discretion.

8.4 Offering Period

The offering will commence on [date] and will terminate on [date], unless extended by the Issuer in its sole discretion for up to [__] additional days.

8.5 Subscription Procedure

1. Review this Memorandum and all exhibits in their entirety
2. Complete the Investor Questionnaire (Exhibit A)
3. Execute the Subscription Agreement (Exhibit B)
4. Deliver subscription funds to the escrow account specified in the Subscription Agreement
5. The Issuer will review and accept or reject subscriptions in its sole discretion

8.6 Closing Conditions

- Minimum subscription amount of \$[_____] received and accepted
- Satisfactory completion of investor due diligence
- Execution of all transaction documents
- Receipt of all necessary regulatory approvals

9. Investor Suitability Standards

This offering is made in reliance on Rule 506(b) of Regulation D. Interests are being offered only to:

Accredited Investors (no limit)

As defined in Rule 501(a) of Regulation D, including but not limited to:

- Natural persons with individual net worth (or joint net worth with spouse) exceeding **\$1,000,000**, excluding the value of primary residence
- Natural persons with individual income exceeding **\$200,000** (or joint income with spouse exceeding \$300,000) in each of the two most recent years, with a reasonable expectation of reaching the same income level in the current year
- Entities with total assets exceeding **\$5,000,000**
- Banks, insurance companies, registered investment companies, business development companies, or small business investment companies
- Directors, executive officers, or general partners of the Issuer

Sophisticated Non-Accredited Investors (up to 35)

Persons who, alone or with their purchaser representative, have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of the investment.

Note: If any non-accredited investors participate, the Issuer must provide disclosure documents comparable to those required in registered offerings, including audited financial statements. For simplicity and compliance, the Sponsor may elect to limit the offering to accredited investors only.

10. Federal & State Tax Considerations

[Attorney to draft. Should cover: characterization of income (ordinary vs. capital gain), depreciation, historic tax credits (if applicable), 1031 exchange eligibility, Tennessee state tax treatment (no state income tax on individuals but franchise/excise tax on entities), passive activity loss rules, at-risk rules, and any Opportunity Zone considerations if applicable.]

Attorney note: Given the building's National Register status, Historic Tax Credits (HTC) may be available for qualified rehabilitation expenditures. This could be a significant investor incentive and should be analyzed in detail.

11. ERISA Considerations

[Attorney to draft. Should address whether the interests constitute "plan assets" under ERISA, restrictions on investment by benefit plan investors, and applicable exemptions.]

12. Legal Matters

12.1 Litigation

[Disclose any pending or threatened litigation involving the Issuer, the Property, or any principal. If none, state: "As of the date of this Memorandum, there is no pending or threatened litigation that would materially affect the Issuer or the Property."]

12.2 Legal Counsel

[Name and address of securities counsel who reviewed this PPM.]

12.3 Transfer Restrictions

The interests offered hereby have not been registered under the Securities Act of 1933, as amended, or any state securities laws. The interests may not be sold, transferred, assigned, or otherwise disposed of without prior written consent of the Issuer and in compliance with applicable securities laws. There is no public market for the interests, and none is expected to develop.

13. Additional Information

Each prospective investor is invited to ask questions and obtain additional information concerning the terms and conditions of this offering and other relevant matters. Inquiries should be directed to:

Silk Road Group, LLC

9 North Second Street

Memphis, Tennessee 38103

Gulam Umarov — gulam@membnb.com

Sardor Umarov — bek@membnb.com

14. Exhibits

- **Exhibit A:** Investor Questionnaire & Accredited Investor Certification
- **Exhibit B:** Subscription Agreement (see separate document)
- **Exhibit C:** Floor Plans — Floors 4, 5, 6, 7, and 8
- **Exhibit D:** Current Rent Roll
- **Exhibit E:** Trailing 12-Month Operating Statement

- **Exhibit F:** Pro Forma Financial Projections
- **Exhibit G:** Property Condition Report
- **Exhibit H:** Environmental Assessment Summary
- **Exhibit I:** Title Report
- **Exhibit J:** Survey
- **Exhibit K:** [Operating Agreement / Condominium Declaration] (draft)

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This Private Placement Memorandum is a template prepared for Silk Road Group, LLC.
It must be completed and reviewed by qualified securities counsel before distribution to any investor.

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