

A TESLA SERVICE CENTER DST OFFERING MEMORANDUM

Delaware Statutory Trust Investment Opportunity

ONLY FOR ACCREDITED INVESTORS



- 312 East Nine Mile Road, Pensacola, Florida
- 32514 Single-Tenant Net-Leased Investment
- Property 100% Leased to Tesla, Inc. (S&P Credit Rating: BBB)



Total Offering
\$16,296,240



Current Cash Flow
6.0%*



Minimum Investment
\$100,000**

* Current cash flow is based upon the first-year annualized rent, debt service, and projected expenses

** Minimum investment consists of \$100,000 cash plus a pro rata allocation of DST-level debt, currently estimated at \$89,795, subject to final offering allocation

EXECUTIVE SUMMARY

Investment Overview Section:

MDRR Sponsor TRS, LLC, a subsidiary of Medalist Diversified, Inc. (Nasdaq: MDRR) is pleased to present the opportunity to acquire a fractional interest in an extensively renovated, 45,190 square foot Tesla Service Center located in Pensacola, Florida. Renovated to Tesla's build-to-suit specifications, this institutional-quality property features a long-term triple-net lease with Tesla, Inc., providing investors with stable, tax-advantaged income and capital preservation.

Financial Summary Table:

- Total Capitalization: \$16,296,240
- Equity Required: \$8,586,240
- Loan Amount: \$7,710,000
- Loan-to-Value: 47.32%
- Current Cash Flow: 6.0%*
- Debt Service Coverage Ratio: 2.32x

Key Investment Highlights:

- Investment-grade tenant with BBB credit rating (S&P)
- Extensively renovated facility (2025 Tesla built to-suit renovation)
- 12-year initial lease term with 3% annual rent escalations
- Triple-net lease structure (NNN)
- Strategic Gulf Coast location with 500,000+ metro population
- 100% Section 1031 exchange qualified
- Non-recourse financing at 47.32% LTV
- 2.32x debt service coverage ratio



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PROPERTY OVERVIEW

Tesla Service Center - Pensacola

Property Metrics

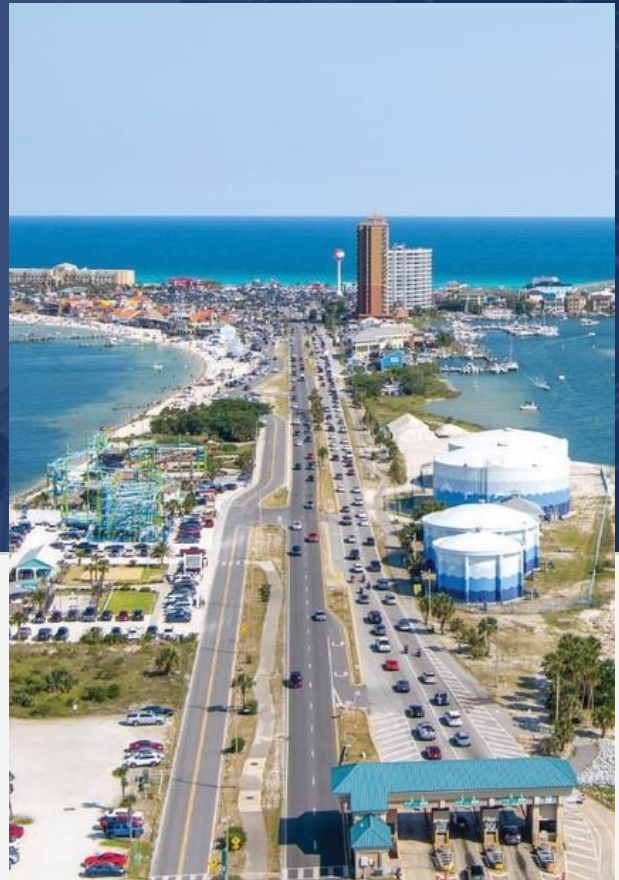
Building Size:
45,190 Square Feet

Built: 1986
Renovated: 2025
(Tesla Built-to-Suite Renovation)

Land Area:
3.47 Acres

Occupancy: 100%

Property Type:
Single-Tenant Retail/Service



Facility Components

- Vehicle Sales Showroom
- Service & Repair Center (20+ service bays)
- Parts & Inventory Storage
- Customer Delivery Center
- Supercharger Stations (8 stations)
- Employee & Customer Parking (150+ spaces)

Strategic Location Advantages

- Prime corner location with excellent visibility
- Direct access to Interstate 10 and US Highway 29
- Affluent demographics with \$75,000 average household income (10-mile radius)
- Serving 500,000+ metro population
- Renovated to Tesla's 2025 build-to-suite specifications
- Located in high-growth retail corridor

Market Position Statement

The property is strategically positioned in Pensacola, Florida, serving the entire Gulf Coast region. With over 2 million annual visitors and anchored by Naval Air Station Pensacola (20,000+ personnel), the market provides a stable economic base with strong growth fundamentals. The facility serves as Tesla's primary service and delivery hub for Northwest Florida and Southern Alabama.

TENANT OVERVIEW

Tesla, Inc. Corporate Profile

Credit & Financial Metrics:

- S&P Credit Rating: BBB (Stable Outlook)
- Market Capitalization: \$1.0+ Trillion
- 2024 Revenue: \$97.69 Billion 2024 Vehicle Deliveries: 1.81 Million
- Global Employees: 140,000 + Manufacturing Facilities: 6 Gigafactories Worldwide

Strategic Importance of Service Centers:

Tesla's service centers are critical infrastructure for the company's direct-to-consumer sales model and customer experience strategy. These facilities serve multiple essential functions:

- New vehicle delivery and customer orientation
- Warranty services and maintenance operations
- Parts distribution and inventory management
- Mobile service fleet coordination
- Brand experience and education center
- Supercharger network support



Company Strengths:

- Global leader in electric vehicle manufacturing
- Vertically integrated manufacturing and supply chain
- Industry-leading battery technology and software
- Expanding global service center network
- Strong brand loyalty and customer retention
- Consistent revenue growth trajectory
- Robust cash flow generation
- Leading autonomous driving technology

Investment Grade Analysis

Tesla's BBB credit rating from S&P Global reflects the company's strong market position, robust cash flow generation, and improving financial metrics. The company has demonstrated consistent profitability, with positive free cash flow exceeding \$7 billion annually. Tesla's commitment to expanding its service infrastructure demonstrates the strategic importance of facilities like the Pensacola location.

LEASE TERMS & STRUCTURE

Lease Summary

Primary Terms:

- Tenant: Tesla, Inc.
- Lease Type: Triple Net (NNN)
- Initial Term: 12 Years
- Lease Commencement: April 25, 2025
- Lease Expiration: May 31, 2037
- Base Annual Rent: \$923,312.91
- Monthly Rent: \$76,942
- Rent Escalations: 3.0% Annual (Compounded)
- Renewal Options: Three (3) Five-Year Options

Landlord Responsibilities:

- None (Fully Net Lease)

Triple Net Structure - Tenant Responsibilities:

- Real Estate Taxes
- Property Insurance
- All Maintenance and Repairs
- Utilities
- Common Area Maintenance (CAM)
- HVAC Replacement
- Parking Lot Maintenance

Rent Growth Schedule:

- Year 1 (2025): \$923,312
- Year 3 (2027): \$978,691
- Year 5 (2029): \$1,037,463
- Year 7 (2031): \$1,100,070
- Year 10 (2034): \$1,206,123
- Year 12 (2037): \$1,279,042

Renewal Term Rent Escalations:

- Each 5-year renewal term includes continued 3% annual escalations



MARKET ANALYSIS

Pensacola Metropolitan Statistical Area

Regional Economic Metrics:

- Metro Population: 329,878
- Regional GDP: \$23+ Billion
- Tourism Economic Impact: \$3.2 Billion Annually
- Annual Visitors: 2+ Million
- Employment Growth: 2.1% Annual (5-year average)
- Unemployment Rate: 3.2% (Below National Average)



Major Employment Sectors & Employers:

Military & Defense (35,000+ jobs):

- Naval Air Station Pensacola (20,000+ personnel)
- Corry Station Naval Technical Training Center
- Multiple Defense Contractors

Healthcare (25,000+ jobs):

- Baptist Health Care (6,100 employees)
- Ascension Sacred Heart Health System (3,500 employees)
- West Florida Hospital

Education (15,000+ jobs):

- University of West Florida (13,000+ students)
- Pensacola State College (24,000+ students)
- Naval Aviation Schools Command

Tourism & Hospitality (20,000+ jobs):

- Pensacola Beach destinations
- National Naval Aviation Museum
- Historic Downtown Pensacola

Demographics (10-Mile Radius):

- Population: 109,905
- Households: 44,883
- Average Household Income: \$85,126
- Median Age: 38.7 years
- Bachelor's Degree or Higher: 32.4%
- Owner-Occupied Housing: 61.2%

EV Market Dynamics:

- Florida ranks 2nd nationally in EV registrations
- 200,000+ EVs registered in Florida
- 40% annual EV sales growth rate
- State incentives for EV adoption
- Expanding charging infrastructure

FINANCIAL ANALYSIS

Sources & Uses of Funds

Sources:

- DST Equity Investment: \$8,586,240
- First Mortgage Loan: \$7,710,000
- **Total Sources: \$16,296,240**

Uses:

- Property Acquisition: \$14,554,504
- Acquisition Fee (1.75%): \$254,424
- Interest Rate Swap Fee: \$417,136
- Interest Rate Swap fixes loan rate at 5%, eliminates variable rate
- Selling Commission: Up to 7% of total sales (estimated at approximately \$601,307 at full subscription)
- Closing & Loan Costs: \$368,860
- Organization & Offering Cost: \$50,000
- Reserves: \$50,000
- **Total Uses: \$16,296,240**

Debt Terms & Structure:

- Lender: Pinnacle Bank
- Loan Amount: \$7,710,000
- Interest Rate: Variable interest rate swapped to 5.00% fixed rate
- Loan originally floating at 6.16%, swapped to fixed 5.0%
- Loan Term: 5 Years
- Loan-to-Value: 47.32%
- Debt Service: \$385,500 Annual
- Debt Coverage Ratio: 2.32x
- No prepayment penalty, but may result in swap termination fee
- Recourse: Non-Recourse to Investors

Cash Flow Analysis (Year 1):

- Gross Rental Income: \$894,487
- Less: Property Taxes: \$0 (Tenant Paid)
- Less: Insurance: \$0 (Tenant Paid)
- Less: Maintenance: \$0 (Tenant Paid)
- Net Operating Income: \$894,487
- Less: Debt Service: \$385,500
- Less: Asset Management: \$6,000
- Net Cash Flow: \$502,987
- **Cash-on-Cash Return: 6.0%***



* Current cash flow is based upon the first-year annualized rent, debt service, and projected expenses.

DST STRUCTURE & TAX BENEFITS

Delaware Statutory Trust Overview

DST Structure Benefits:

- 100% passive ownership – no management responsibilities
- Bankruptcy remote special purpose entity
- Treated as fractional ownership of real estate for tax purposes
- Limited liability protection for investors
- Professional institutional management
- Non-recourse financing (no personal liability)
- Securities law exemptions under Regulation D

1031 Exchange Qualification:

- Satisfies all IRS Revenue Ruling 2004-86 requirements
- Qualifies as "like-kind" replacement property
- No prohibited "powers" that would disqualify exchange
- Fixed investment - no ability to reinvest proceeds
- No investor voting on property decisions

Tax Benefits & Advantages:

- Defer federal capital gains tax (up to 23.8%)
- Defer state income taxes (varies by state)
- Defer depreciation recapture (25% tax rate)
- Reset depreciation schedule on new basis
- Potential step-up in basis at death
- Estate planning benefits through DST structure
- Pass-through of depreciation deductions

EXIT STRATEGY & 721 UPREIT OPTION

Multiple Exit Strategies – By November 2030

The Medalist Advantage: As a division of a NASDAQ-listed company, Medalist Diversified, Inc may be able to facilitate potential 721 UPREIT exchanges at the conclusion of the investment hold period. This unique structure may provide investors with tax-deferred conversion opportunities that preserve capital gains deferral while potentially offering access to public market liquidity and a NAV REIT portfolio. Any 721 exchange would be subject to REIT approval, investor eligibility requirements, prevailing market conditions, and the terms and conditions outlined in the Private Placement Memorandum. There is no guarantee that a 721 exchange opportunity will be available.

Exit Option 1: 721 UPREIT Exchange

Potential Tax-Deferral:

- DST interests may be exchanged for Operating Partnership (OP) units in a qualified REIT, subject to REIT approval, or into equity in another vehicle subject to partnership taxation
- OP units potentially convertible to publicly-traded REIT shares
- May continue tax deferral and gain access to public market liquidity
- No guarantee of availability; subject to REIT acceptance and investor eligibility

Exit Option 2: 1031 Exchange Rollover

Continue Tax Deferral with New Property:

- Exchange proceeds of sale of the property into another DST offering
- Acquire individual investment property
- Maintain full tax deferral benefits
- Reset investment timeline

Exit Option 3: Cash Sale

Receive Distribution of Pro Rata Interest in Sale Proceeds:

- Retain cash proceeds
- Recognize deferred gains (taxable event)
- Full liquidity and investment flexibility
- Potential appreciation capture

Strategic Exit Timing:

- Target exit in Years 5
- Optimize for market conditions
- Consider interest rate environment
- Maximize investor returns

SPONSOR OVERVIEW

MDRR Sponsor TRS, LLC, a subsidiary of Medalist Diversified, Inc (NASDAQ: MDRR)

Company Overview: MDRR Sponsor TRS, LLC, is a wholly-owned subsidiary of Medalist Diversified Holdings, LP the operating partnership of Medalist Diversified, Inc (NASDAQ: MDRR). MDRR sponsors Delaware Statutory Trusts, through its sponsor subsidiary, bringing institutional-grade real estate investment opportunities to individual investors. As a publicly-traded company, Medalist provides transparency, governance, and financial strength uncommon in the DST marketplace.

Competitive Advantages:

Public Company Foundation:

- NASDAQ-listed parent company (MDRR)
- SEC reporting and full transparency
- Audited financial statements (Cherry Bekaert LLP)
- Independent board of directors (6 of 7 independent)
- Institutional governance standards
- Sarbanes-Oxley compliance

721 UPREIT Capability:

- Direct path to REIT ownership
- Tax-deferred exit strategy
- Portfolio diversification opportunity
- Public market liquidity option

Experienced Leadership Team:

Francis P. "Frank" Kavanaugh - CEO & Chairman

- 30+ years business transformation experience
- Former Microsoft and HP executive
- Led Force Protection from \$1M to \$1B+ in 6 years
- Significant personal investment in MDRR

Track Record & Portfolio:

- \$96+ Million Assets Under Management
- 10 Properties across 8 states
- 94% Portfolio occupancy
- 782,000 square feet managed
- Focus on single-tenant net lease properties

Investment Philosophy:

- Conservative underwriting standards
- Investment-grade and creditworthy tenants
- Long-term net lease structures
- Essential service and necessity-based tenants
- Markets with strong demographic trends

Charles "Brent" Winn, Jr. - Chief Financial Officer

- MBA from William and Mary University
- Real estate finance veteran since 1987
- Former CSX Realty development executive
- Established MDRR's financial systems
- Significant personal investment in MDRR

INVESTMENT HIGHLIGHTS & SUMMARY

Why Invest in MDRR XXV DST 1

Property-Specific Strengths:

- Originally constructed in 1986 and extensively renovated in 2025 to Tesla's build-to-suit specifications
- Only Tesla service center within 150-mile radius
- Strategic location serving entire Gulf Coast region
- Prime corner site with Interstate 10 access
- 3.47 acres allowing future expansion potential
- Renovated facility with 20+ service bays
- Long-term commitment from Tesla (12-year lease)

Financial Performance Highlights:

- 6.0%* current cash-on-cash return
- 3.0% contractual annual rent increases
- Conservative 47.32% leverage ratio
- Strong 2.32x debt service coverage
- 6.46% projected internal rate of return
- Fixed-rate loan with swap protection eliminates rate risk
- Fixed-rate debt eliminating interest rate risk
- Non-recourse financing structure*

Tax & Structural Advantages:

- 100% Section 1031 exchange qualified
- Fully passive investment structure
- Professional institutional management
- Non-recourse debt (no personal liability)
- 721 UPREIT exit opportunity
- Estate planning benefits available
- Step-up in basis potential at death

Market Fundamentals

- 500,000+ metro area population
- \$23 billion regional GDP
- 2+ million annual visitors
- Military base providing economic stability
- Growing EV adoption in Florida (#2 nationally)
- Affluent demographics in trade area

Tenant Credit Quality:

- BBB investment-grade credit rating
- \$1+ trillion market capitalization
- \$97.7 billion annual revenue
- Industry-leading market position
- Strong cash flow generation (\$7B+ annually)
- Growing service center network nationally

Investment Summary Statement

MDRR XXV DST 1 offers the opportunity to invest in a fractional interest in an institutional-quality Tesla Service Center. The investment combines stable income, investment-grade tenant security, strong location fundamentals, conservative financing, and tax-advantage exit options.

With professional management by Medalist Diversified, Inc and the unique backing of a NASDAQ-listed company, investors gain transparency, governance, and a strong exit framework.

Minimum Investment: \$100,000 | Target Close: Q1 2026**

***Non-recourse to investors. The DST loan is secured solely by the property; investors have no personal liability for repayment, except to the extent of standard non-recourse carve-outs (if any) as described in the PPM.**

**** Minimum investment consists of \$100,000 cash plus a pro rata allocation of DST-level debt, currently estimated at \$89,795, subject to final offering allocation**

IMPORTANT DISCLOSURES

Risk Factors

An investment in the Delaware Statutory Trust involves substantial risks and is suitable only for accredited investors who have no need for liquidity in their investment. Investors may lose some or all of their invested principal. This summary does not describe all of the risks associated with the offering; investors must review the Confidential Private Placement Memorandum (PPM) for a complete description of all the risk factors. The risks include, but are not limited to:

Illiquidity Risks:

- The Interests are illiquid with no secondary market
- No ability to sell or transfer without Trustee consent
- No public trading market exists or will develop
- 5 year expected hold period

Real Estate Risks:

- Property value may decline
- Regional economic conditions may deteriorate
- Competition from other service facilities
- Environmental risks and natural disasters
- Changes in consumer preferences

Single Tenant Risks:

- 100% reliance on Tesla's continued occupancy
- Tesla's financial condition may deteriorate
- No rental income if tenant defaults
- Difficulty in re-leasing specialized facility
- Potential vacancy periods between tenants

Leverage Risks:

- Leverage magnifies losses as well as gains
- Potential foreclosure if unable to service debt
- Balloon payment risk at loan maturity
- Refinancing risk in adverse credit markets
- Amendment, renegotiation or refinancing of senior loan would require springing into LLC.

No Control:

- Investors have no voting rights
- No ability to participate in management
- Trustee makes all decisions
- No ability to partition property

IMPORTANT DISCLOSURES

Securities Notices:

This material has been prepared for informational purposes only and is not an offer to sell or a solicitation of an offer to buy any security. Offers and sales may only be made to accredited investors pursuant to the Confidential Private Placement Memorandum. Securities offered through registered broker-dealer.

Accredited Investor Qualification:

Prospective investors must be "accredited investors" under Rule 501 of Regulation D, generally requiring:

- Net worth exceeding \$1 million (excluding primary residence), OR
- Annual income exceeding \$200,000 (or \$300,000 jointly) for past two years

Tax Disclosure

The tax benefits described herein are based on current tax law and may be subject to change. Each investor should consult with their own tax advisor. Neither the Sponsor nor any affiliates provide tax advice. IRS Circular 230 Disclosure applies.

Forward-Looking Statement

This document contains forward-looking statements based on current expectations and assumptions. Actual results may differ materially. No obligation to update forward-looking statements.

Contact Information

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