Value Masters Academy

Prepared by Value Masters Academy for A Level Alliances (ALA)

Atmosphere™

Formation Round Playbook

> The business plan for Atmosphere's first venue and the playbook for the alliance that funds it: seven revenue lines, an eleven-position skeleton, a membership architecture that sells recognition rather than access, and a ~$8M round released in two gated tranches.

Prepared for prospective Formation Round participants (verified accredited investors) and for deliberation at the Founders' Council · Working draft · 3 September 2026

Advisory document prepared for deliberation and resolution at the Founders' Council

Strictly private and confidential
Rev.02 · 3.9.2026

Advisory notice

Status of this document. All information, documents, definitions, calculations and pricing prepared by Value Masters Academy for A Level Alliances are prepared as recommendations to the Founders' Council. Nothing here is a decision, a commitment, an offer of securities, or investment, legal, tax or accounting advice. Every figure is indicative; every open item is marked **[Council decides]**. Third parties are named as independent market reference only. "5th Wall" as used here is unrelated to the venture firm of the same name.

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Value Masters Academy for A Level Alliances (ALA) · Atmosphere™ · Formation Round Playbook · Rev.02 · September 2026

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1 Executive summary

What we are. Atmosphere converts stranded US retail — the dead anchor box, the zombie mall wing — into a membership-anchored Phygital Marketplace: a third place that earns on seven lines on the same square footage where a mall earns on one, run on hotel yield discipline and measured in RevPAM at three scales (metre, member, household). It is operated by A Level Alliances (Reno, NV), built by 5th Wall Phygital Elements, and descends from Qumbet (Hong Kong, 2000): 10,000+ street-furniture units across eight countries on multi-decade public concessions.

Why now. Two mismatches meet in one box. On the demand side, 30.4M US nonemployer businesses produce $1.8T a year with no physical counter, and 100,000+ million-dollar online sellers pay roughly half their revenue in marketplace tolls with no third door. On the supply side, Class B/C mall boxes are being written off at 70–80% loss severities while overall retail vacancy sits at record lows — which is exactly why splitting one distressed box among 300 daily-priced tenants out-earns any single lease.

Who walks in. The door stays open; membership is never a condition of entry. Membership sells recognition, not access. Six measured figures — the Maker, the Solo Professional, the Retired Master, the Unlaunched, the Conscious Shopper, the Reconnector — land in seven tiers across three families: Visitors, Users and Beyond. In a 500,000-person trade area roughly 130,000 adults already pay dues for a membership of some kind; the building asks them to redirect a habit, not learn one.

How we earn. Open Market & Market Hall, Enterprise Arcade, The Stage, Live Commerce Center, Back of House, Media (the PingPod grid) and Membership. Four ALA-owned systems run the floor: OffNdOn books and powers, HuxNet matches, PingPod schedules screens, Fifth Signal prices and measures.

The precedent the market has already paid for. CBRE paid ~$800M (January 2025) for Industrious, an operator with no buildings running revenue-share partnerships with landlords. Atmosphere is the retail version of that operator. The rule is Industrious, not WeWork: management or revenue-share agreements with the landlord, never a long lease under the operating company.

The ask. A Formation Round of approximately $8M in two tranches, structured as a private placement for verified accredited investors, to open one proof-of-concept venue and produce a measured RevPAM figure within twelve months. Tranche 2 is gated on Tranche 1 milestones.

What makes the round different. The capital funds a body, not a company that later goes looking for partners: an Alliance Skeleton of ten numbered positions plus a Trust Ally, admitted in order through one legal funnel that a Legal Ally builds under a Stewardship Mandate — equity, fiduciary duty, narrow governance and escrow — rather than billable hours.

2 The opportunity — two mismatches, one box

2.1 Demand: below the iceberg, the money is real

Layer	Metric	Value	Source
Tip	Employer businesses (2023)	5.58M	Census BDS
Mass	Nonemployer businesses (2023)	30.4M · 78.4% of all establishments	Census NES
Mass	Combined revenue	$1.8T · 6.4% of GDP	Census NES
Formation	New business applications, 2025	5.7M — record; ~470K a month never reach employer scale	Census BFS
Sellers	Amazon US sellers earning $1M+ a year	100,000+	SmartScout / Marketplace Pulse
Sellers	New Amazon sellers, 2025	165K, −44% — decade low	Marketplace Pulse
Toll	Share of a seller's revenue absorbed by marketplace fees	~50%	Marketplace Pulse
Brands	"Homeless brand" evidence	Anker 90% Amazon-dependent; Zenni 50M frames, no stores; Bambu Lab ~$1.5B revenue, no US storefront	Anchor Ally Research v2

Every existing instrument — SSBCI ($10B), SBA microloans, cottage-food reform, mentoring networks — targets the entrepreneur's pocket or head. None targets the ground under their feet. The gap is spatial.

2.2 Supply: distress is concentrated where we hunt

Signal	Value	Source
CMBS loans facing hard maturity, 2026	$76.6B; office and retail carry the largest exposure	Trepp
Retail CMBS delinquency, July 2026	6.96%, driven by regional malls	Trepp
Loss severity, Pecanland Mall (May 2026)	80.9% on a $67.3M loan	Trepp / CRE Daily
Class B malls	~250 (28% of all), 89% occupied, traffic −9% vs 2019 — primary target	Cushman & Wakefield
Store closures	8,270 in 2025; 30M+ sqft closing in 2026	Coresight
Overall retail vacancy	4–5%, record low; median 7.5 months to lease; 5–10-year terms	CoStar

The honest tension strengthens the thesis: the box is dead but the market for space is tight. Nobody can lease a 100,000 sqft shell to a credit tenant; three hundred makers, brands and creators can fill it by the day.

2.3 The price anchor already exists

Costco's sampling floor (Club Demonstration Services, 550+ warehouses) charges brands $35 a day for a vendor-run demo table, $150–250 for an official demo, and $714–2,143 a day-equivalent for a Roadshow. Advantage Solutions' experiential revenue grew 19% year on year to $416M in Q2 2026. A daily-counter market exists; it is simply closed to anyone under roughly $1M in sales. Atmosphere's daily table ($60–200 entrepreneur; $150–250 CPG test brand) opens it.

3 The product — one floor, seven ways to earn

3.1 The floor

A 100,000 sqft box (GLA) yields about 92,000 sqft of programmable area after the 40% public-area obligation, a mezzanine and a share of the parking obligation. One floor carries 1,001 entrepreneur positions (300 tables, 30 vitrines, 100 outdoor stalls, 12 studios, 36 micro-rooms, 51 desks, 25 benches, 13 stage slots, 14 pack stations, 420 visible-stock cages), 1,001 digital-twin lockers, and 8 anchor brands plus 6 street-food operators, behind five doors: Open Market, Market Hall, Enterprise Arcade, The Stage and the Live Commerce Center.

3.2 The seven lines

#	Line	What it is	Role
01	Open Market & Market Hall	Table for a day to storefront for a season; curated tenancies for brands going physical	Yield · base
02	Enterprise Arcade	Serviced workspace on the mezzanine; sells noise, not silence	Recurring
03	The Stage	Live commerce, events, broadcast — the attention engine	Event
04	Live Commerce Center	Fulfilment, box-free returns, instant second sale	Throughput
05	Back of House	Inventory stored where a buyer can see it — CAM as revenue	Storage
06	Media · PingPod	The screen grid as a measured media network, listed on programmatic rails	Margin
07	Membership	Recognition, not access; the recurring community layer held in MemberCo	The asset

3.3 The four systems, at PoC scope

System	Job	PoC scope
OffNdOn™	Books space and power — a maker's table from a phone, no salesperson	Live at opening (the sovereign rail)
HuxNet™	Opt-in, privacy-first matching	Simple opt-in matching; silent delivery; age gate closed by default
PingPod™	Schedules and sells screen-hours	Live at opening; SSP listing six weeks after opening
Fifth Signal™	Demand forecasting, dynamic pricing, measurement to transaction	Live at opening; certification over two quarters

Digital twins, "architectural teleportation" and the self-optimising building are scale-phase showcase, deliberately outside the PoC. Amazon Style died of over-engineering in search of a problem; the PoC runs at the scope of one maker's day.

3.4 5th Wall Phygital Elements

The manufactured layer: a plug-and-play modular system scaling from street furniture to store furniture, so a floor can be assembled, reconfigured and moved. Modelled at ~3.7× the revenue of a traditional fixture on ~2× the capex. PoC fixtures come from a fabrication ally; the ~$50M factory acquisition (Plan C+C) is justified only by a second venue's order.

4 Users, Visitors & Beyond — the membership architecture

Alliance Skeleton Position 08 (Rev.01, September 2026) replaces the earlier "Owner & Visitor Members" in the register. "Owner" implied a stake the position does not confer; "Beyond" gives a home to the people connected to the building without standing in it — the corporation buying tacit knowledge, the creator selling from the Stage, the holder of a digital-twin locker who may never appear in person.

4.1 The decision already taken: the door stays open

The marketplace is public. Anyone may walk in, browse, buy, test, collect and return. Three reasons carried this. The 1,001 positions are sold on access to footfall, and a paywall at the door transfers the operator's risk onto the trader's table. The Costco analogy does not hold: Costco can close its door because it owns the inventory behind it, whereas Atmosphere's inventory belongs to a thousand independent people. And an anchor of the Trader Joe's type will not sit behind a turnstile.

There is a modelling consequence an investor should weigh. Visit-to-member conversion and retention are the two largest sensitivities in the floor P&L. If entry required membership, conversion would be 100% by construction, the sensitivity would vanish, and the business would quietly become one that sells doors rather than one that earns from five layers. Keeping the door open keeps the model honest.

4.2 Founding principle

> **Membership does not sell access. It sells recognition.** A visitor enters the building. A member is somebody in the building: named in the matching system, backed by a record, vouched for. Everyone may stand in the room; membership decides who is introduced, who may teach, and who is answerable.

4.3 Who actually walks in — six measured figures

Figure	Measured population	What is missing for them	Lands in
The Maker	5.6M active Etsy sellers, 97% home-based, 82% solo; cottage-food producers doubled since 2020 into a ~$2B market	A shop window — legal to produce, nowhere permanent to sell	Trader (04)
The Solo Professional	64–73M independent workers, 38–45% of the workforce, $1.27T freelance earnings; 53% of Gen Z freelancing	A room that is neither a kitchen table nor a silent serviced office	Arcade (02)
The Retired Master	Tradespeople and professionals out of the market; 67% of adults report loneliness from not belonging to a meaningful group	A role, and a sentence with which to introduce oneself	Emeritus (03)
The Unlaunched	42% underemployment among recent graduates (Q2 2026); 51% of 18–29s want to found something; ~470,000 file a month and never reach employer scale	A first customer and someone who has done it before	Master (01) → Trader
The Conscious Shopper	The 661-store Trader Joe's footprint as a verified map; 81M Americans hold a fitness membership, 26.1% penetration	Nothing — this figure is the footfall, and is already habituated to paying dues	Guest (00) → Master (01)

Figure	Measured population	What is missing for them	Lands in
The Reconnector	Adults living alone, divorced or widowed; teenagers post the highest loneliness rate at ~21% (WHO)	A reason to leave the house that is not shopping and not a bar	Master (01)

Per site. In a 500,000-person trade area the evidence index derives roughly 45,000 nonemployer firms and about 100,000 adults who have seriously considered founding something. The membership study adds a third number: at 26.1% national penetration, approximately 130,000 adults in the same area already pay dues for a membership of some kind, most often a gym. That figure measures habit rather than intent. The honest reading: these are addressable populations, not demand, and the conversion assumptions in Landlord Math remain the binding constraint.

4.4 Three families, seven tiers

#	Tier	Who	Pays	Receives	Admission
Visitors — in the building, not yet of it					
00	Guest	Registered visitor	Free	App, locker, drop-off / pick-up / return, event calendar, guest Wi-Fi	Registration only
Users — the building is theirs to use					
01	Master	Open to all	Monthly	Unlimited entry, house coffee/tea/water, Wi-Fi, visibility in matching, guest rights, supervised gym access, tasting programme	No refusal
02	Arcade	Working member	Master + service fee	Serviced workspace, meeting rooms, mailing address, mezzanine access	No refusal; capacity-capped
03	Emeritus	Retired master craftsperson, tradesperson, polymath; homemakers re-entering	50% of Master — never zero	Master rights + the right to open a session + a public record page	Vetted: reference + interview
04	Trader	Holder of one of the 1,001 positions	Included in the position fee	Master rights + priority access to Emeritus + Stage eligibility	Position criteria
Beyond — connected without standing in the room					
05	Corporate	Anchors, brands, institutions	Annual, per seat	Allocated Arcade seats + Emeritus sessions for junior staff + demo and tasting programme	By contract
06	Stage Access	Creators and live sellers	Master at full price + commission on sales	Studio and stage slots, allocated on conversion	Separate application
07	Digital Twin	Holder of one of the 1,001 twin lockers	Included in the twin fee	Directory listing, matching rights, logistics	Twin criteria

Exclusion happens in exactly one place: the right to teach. Master must stay open — the levelling requirement and the marketplace's need for footfall both demand it. The right to open a session must be selected, or quality control collapses, and in a knowledge-transfer venue it does not come back.

4.5 Guest → Master: the conversion engine

Guest is free but registered; an anonymous visitor cannot be converted. Registration is bought, not demanded: the locker, the drop-off/return point and the digital-twin pick-up service are the instruments that make a shopper give a name. The recommended mechanic is a ninety-day activation window in which the visitor accumulates a visible record — visits made, sessions attended, people met — and membership is then offered against that record. The invitation reads as recognition of what the person already did, not a bill for what they might do.

The governing benchmark is Costco's 92.3% renewal rate, sustained through a fee increase. The executive member pays $130 a year and spends $4,629 across 36 visits; the fee is recovered within the first one or two trips. The operative rule for Atmosphere is the payback rule: the member must feel the fee returned within the first 30 to 45 days.

4.6 Emeritus, Trader, Corporate, creators

Emeritus pays half of Master, never zero. A free member is a guest; a paying member is a host, and host is the standing the retired master is looking for. The discount is funded from the Trader and Corporate pools. State support has been removed from the model: the project's own evidence index shows that every public instrument targets the entrepreneur's pocket or head and none the ground under their feet; any grant that materialises is upside. Matching runs silently through the app; the screen shows the programme, never the interest count — one empty session ends a membership.

Trader membership travels with the position. Whoever holds one of the 1,001 positions or the 1,001 twin lockers is a member; roughly two thousand memberships arise without a separate sale. Trader membership is an identity instrument, not a revenue line — two thousand members at warehouse-club dues are a few hundred thousand dollars a year against an indicative line-01 figure of ~$9.2M. Digital-twin membership becomes a product only when directory visibility and matching rights are attached to the locker.

Corporate pays for tacit knowledge. Apprenticeship has thinned and firms carry the cost; what a retired electrician knows is not on YouTube and not in a model. Corporate membership buys allocated Arcade seats plus Emeritus sessions for junior staff. The demand is evidenced: corporations already buy physical presence by the day at $35–600 in the demo market, with demo conversion cited at 15–35% against 2–3% for digital advertising.

Creators are a commercial role, not a tier. No discounted creator tier: a creator first becomes a Master at full price, then applies for Stage Access, paid by commission on what is sold rather than a fee. Slot allocation is a function of conversion measured by Fifth Signal, not follower counts — followers can be bought; the till cannot. US live selling is ~14% of GMV against 70–80% in China: unfilled room, not a ceiling.

Zone	Camera	Rule
The Stage, studios, market floor, open market, parking programme	Permitted, encouraged	Posted at entry: filming takes place in this area. This is where live commerce earns.

Zone	Camera	Rule
Lounge, Arcade, mezzanine, Emeritus sessions	Prohibited without exception	No filming, streaming or photography of other members. Enforced by staff, attached to the place, never to the person.

4.7 Pricing framework [Council decides]

The Master monthly price has not been set, and it is the input from which every other number in this position derives. The bands are anchored to what the US consumer already files as "a membership."

Tier	Indicative band	Anchor	Reasoning
Master	$15–25 / month	Costco Executive $130/yr; Amazon Prime $139/yr	A traffic instrument, not a profit centre; price to maximise conversion, not yield
Arcade	$110–150 / month, Master included	National coworking median $225/month — not Industrious	Industrious sells quiet; Atmosphere sells noise. Half of the market median is defensible; half of a specific competitor's price is not. Treat the result as a floor, since the seat carries matching and programming the median seat does not
Emeritus	50% of Master	Internal	Funded by Trader and Corporate; never zero
Trader	Included in position fee	Warehouse-club level, notional	Register entry, not a revenue line
Corporate	Annual, per seat	Demo market $35–600 / day	The only tier priced on willingness to pay rather than on access

4.8 Four red lines

Line	Rule
Liability of counsel	Guidance from an Emeritus member is personal opinion, not a service rendered by Atmosphere. Structural, electrical, gas, tax and medical subjects require a written referral to a licensed professional. Membership terms must carry this; it is existential.
Camera zoning	As in 4.6 — attached to the place, never to the person.
Silent matching	No public display of interest counts, attendance or popularity in any tier.
Pause, not cancel	Every tier offers a freeze at nil or nominal cost. About 40% of Gen Z cancel and resubscribe within six months; a freeze converts loss into interruption.

One further caution: unsupervised gym equipment on a lounge floor is an insurance question before it is an amenity and produces a user who never crosses the market floor. Free access is retained as a supervised, programmed offer within Arcade hours.

4.9 Membership health dashboard

Indicator	Definition	Benchmark / target
Guest → Master conversion	Registered visitors becoming paying members	The single most sensitive input in the floor model — set explicitly, review monthly
Tenured renewal	Renewal among members past their first year	≥ 85% (Costco 92.3%; BJ's ~90%)
Visits per member per month	Total visits ÷ active members	≥ 4 — the weekly-ritual threshold
90-day activation	New members making ≥ 6 visits in the first 90 days	≥ 70%
Social tie ratio	Members who know at least three others by name	≥ 60% — the strongest leading indicator of renewal
Non-dues revenue / dues	In-house spend relative to membership fee	1.5× – 3.0×
Referral share	New members arriving through existing members	≥ 40%
Emeritus session fill	Sessions attended by at least three members	≥ 80% — measured privately, never displayed
Young cohort churn	Annual loss, ages 18–24	< 40% (industry average 54.4%)

5 Business model and unit economics

5.1 Reference floor — 200,000 sqft, operating income vs rent (founders' case)

Revenue layer	$/sqft/yr	Annual	Cost of delivery	Net
Modular space + turnover	~$22	~$4.4M	~30%	~$3.1M
Back-of-house services	~$9	~$1.8M	~45%	~$1.0M
Media / DOOH	~$7	~$1.4M	~35%	~$0.9M
Live commerce + Stage	~$13	~$2.6M	~55%	~$1.2M
Membership (Master + Arcade)	from traffic	~$15.3M	~59%	~$6.3M
Building opex	—	—	$0.50/sqft/mo	−$1.2M
Gross / NOI	**~$128**	**~$25.5M**		**~$11.2M (44%)**
REIT 1.0 net rent, same box				~$3.0M
NOI uplift				**≈3.7×**

Source: Unit Economics — Two-Case Assessment. Rounded assumptions for illustration.

5.2 The investor-grade case

The Formation Round is underwritten on a conservative case that answers the hardest objections before an investment committee raises them, and that now incorporates Position 08:

1. **Membership is built upward from physical capacity, not downward from visits.** A 200K box mezzanine supports roughly 2,000–3,600 paying Arcade members at realistic desk ratios, not 12,000. Master is priced as a traffic instrument ($15–25) and Arcade against the coworking median ($110–150), not against Industrious. PoC budget pulls membership from 60% of gross into a 25–35% band; the gap is covered by modular space, commissions and Corporate seats.
2. **Missing lines are added.** A demand engine (Stage programming at 6–8% of gross), insurance, property-tax allocation, security, technology amortisation. If NOI margin falls from 44% to a 30–35% band, the uplift is still 2.5–3× — a financeable story.
3. **Area-based modelling.** Each line gets its own square footage (indicatively Market Hall 90K, Arcade 45K, Stage 15K, BoH 30K, common 20K). Where the same area earns twice — Market Hall by day, Stage by night — it is stated on purpose.
4. **Non-dues revenue is the membership KPI.** The dashboard target of 1.5–3.0× in-house spend per dollar of dues is what makes a $15–25 Master rational: the fee buys footfall that earns on the other six lines.

Case	Gross	NOI margin	NOI	Uplift vs $3.0M rent
Founders' base	~$25.5M	44%	~$11.2M	~3.7×
Conservative (round underwriting)	~$20–22M	30–35%	~$6.5–7.5M	~2.2–2.5×
Kill threshold	—	< 20%	—	Redesign line mix and sponsor terms

[Council decides] which case leads the investor deck. The conservative case is recommended: revising upward from below is easier to defend than correcting downward.

5.3 RevPAM — one definition, three scales

- **Per metre** — the landlord's language, set against $/sqft rent.
- **Per member** — the investor's language, set against subscription businesses.
- **Per household** — Atmosphere's language: monthly revenue one household brings across all layers. No US operator targets this; it is the defensible first.

5.4 Line 01 as a standalone proof

300 tables at 15% CPG mix and 55% occupancy give about $9.2M a year indicative on line 01 alone — about $384 per sqft, roughly 15× market rent on the same square footage. This is the line the PoC can prove fastest, because the Costco/CDS price ladder already exists.

5.5 Landlord math — why the landlord says yes

Under a triple-net lease the landlord's income is contract rent minus vacancy minus amortised re-tenanting cost, signed once a decade. Under the ally structure the landlord takes an agreed share of operating income with a floor guarantee per sqft: downside capped, upside uncapped, paid from day one. The Landlord Math worksheet lets any CFO rebuild the page with their own inputs. If two landlords in a row decline equity-for-rent, the venue opens under an Industrious-type management agreement.

5.6 Portfolio logic — long-range scenario only

Single-location economics held constant, 50 locations (~10M sqft) give ~$560M NOI a year at the founders' case, anchored to Industrious' ~$4M per unit and 50%+ revenue CAGR. A 500-location figure is deliberately not shown. Neither number belongs on a sponsor's or landlord's table before Venue-0 has four quarters of data.

6 Precedents — what we copy, what we avoid

Precedent	What happened	Rule encoded in our documents
WeWork	Long leases under the operator; collapsed when demand moved	The WeWork wound: no long-duration lease liability under OpCo — management or revenue-share only
REEF	Scaled before site economics were proven	The REEF wound: no self-operated F&B; no second venue without four quarters of data
Industrious → CBRE ($800M)	Asset-light operator acquired as a new segment	The Industrious doctrine: landlord as partner; CBRE is the exit, not the enemy
Showfields / Neighborhood Goods / b8ta	Showcase-fee model failed even with traffic	The brand carries inventory; we take a share of seven lines
Leap (115+ spaces, Simon)	Full-service operation with brands that bring an audience	Anchor criterion: has its own audience
Amazon 4-star / Style	Best-reviewed products on a shelf; over-engineering	Demand is bought, not assumed; PoC tech at one maker's scope
SHEIN at BHV Paris	Youth traffic drove out tenants and partners	Three-tier fit policy; ultra-fast fashion outside the PoC
Costco (92.3% renewal)	Fee recovered within one or two visits	The payback rule: fee felt returned within 30–45 days
Casa Cipriani (photography ban)	Product protection, not affectation	Camera zoning attached to the place
Volta ($1.4B → $169M)	Parking-lot screens as a company	Media and lot lines are bonus lines, never the business
IPG × Facebook (2006, ~45×)	Early channel equity coupled to spend	Media rails, not a crowned agency; no spend-linked equity

7 The Alliance Skeleton — what the capital funds

The round does not fund a company that later seeks partners. It funds a body with ten numbered positions and a Trust Ally, admitted in order through one funnel, so that every counterparty enters US law and market convention to one standard, built once.

Position	Ally	Role	Status, September 2026
01	Legal Ally	The spine: structure, fiduciary duty, narrow governance, escrow	Five firms evaluated; Cole-Frieman & Mallon ranked first; conversations pending
02	Media Agent Ally	The rails the pyramid already buys through: SSPs, Faire / Shopify, open Certified Partner program	Rail thesis adopted; Faire equity-level track for authorisation
03	Landlord Ally — Physical	Equity or revenue share in place of rent; the box, not the mall	Landlord Math published; CBL-class target
04	Sponsor Ally	The door pays with kit, activation and an option — not cash, and not a royalty received	Option 4 ladder; Kia America primary target
05	Anchor Allies	Rails (Etsy, Faire, Depop/StockX, MakerWorld), homeless brands, one grocery anchor	142 brands scored; 23 priority A; 90-day outreach plan
06	Entrepreneur Allies	The 1,001 positions; the evidence index behind them	Evidence index and Space & Capacity Model published
07	Landlord Ally — Digital	Platform and infrastructure owners for Third Space and Third Channel	Follows the media rails
08	Users & Visitors & Beyond	The membership architecture of Section 4: seven tiers, three families	Rev.01 submitted; Master price is the open resolution
09	Financial Data	Canonical numbers, the model, the reporting standard	Excel model and financial database delivered; canonical page owner to be named
10	Phygital Elements	The other end of the spine; the true face of ALA	Fixture samples on the bench; fabrication ally for PoC
10+	Trust Ally	The single US operating partner; SPV mandate	Portrait published; examination before entrustment

7.1 The Legal Ally — Stewardship Mandate

Component	What the Legal Ally holds	What stays with ALA and the allies
Economics	A share of ALA's own share in the venture	All other equity
Fiduciary (broad)	Loyalty, care, disclosure toward ALA and every admitted ally; responsibility for compliance and market-readiness	—
Governance (narrow)	Entity design and jurisdiction; registrations; admission standard; veto on structural and compliance matters only	Commercial, brand and operating decisions

Component	What the Legal Ally holds	What stays with ALA and the allies
Escrow	Custodian of all ally commitments	Beneficial ownership of committed funds

The Legal Ally is scope-limited to counsel and architecture; every counterparty and investor relationship is held personally by the principal. For investors this matters twice: subscriptions pass through an escrow the Legal Ally controls, and the admission standard the capital depends on is drawn by a fiduciary, not by the party raising the money. Position 08 hands the Legal Ally four drafting items: the Stage Access disclosure covenant and suspension clause, camera zoning and consent for incidental capture, the liability-of-counsel clause in membership terms, and minors' presence on the market floor.

8 The Formation Round

8.1 Terms at a glance — indicative, to be finalised with the Legal Ally

Item	Indicative position
Size	~$8M, two tranches
Structure	Private placement for verified accredited participants; Scale-phase pathway to a broader qualified offering prepared in the same documents
Vehicle	Single OpCo LLC for the PoC; PropCo / OpCo-TRS / MemberCo and the PEIT™ design held ready for the third venue and the first institutional PropCo partner
Alliance split (C+C+C reference)	ALA 40 / investor 40 / landlord 20, with an ALA golden share over IP, brand and member data
Investor protections	Escrow under Legal Ally custody; tranche gates; information rights; fit-policy disclosure; canonical numbers page as the reporting standard; membership health dashboard as the operating standard
Already in place	Brand and IP (six marks), four systems, Qumbet fabrication lineage, published market and ally research, a committed investor partner
What the round buys	One proof-of-concept venue and a measured RevPAM figure in twelve months

[Council decides] the exact instrument, valuation basis, and whether the committed investor partner is the Tranche 1 lead.

8.2 Two tranches, one gate

Tranche	Indicative size	Funds	Release condition
T1 — Formation	~$3M	Legal Ally engagement and entity stack; canonical numbers; legal opinions (trademark, children's data, liability of counsel); landlord LOI; anchor and rail LOIs; sponsor Rung 0; fixture pilot; sovereign rail live; membership terms and pricing resolution	Close of subscription into escrow
T2 — Venue-0	~$5M	Fit-out via fabrication ally; four systems at PoC scope; Stage programming and demand engine; opening; twelve months of operation and measurement	Signed landlord agreement; ≥ 2 rail LOIs; grocery anchor LOI; sponsor Rung 0 LOI; legal opinions delivered; canonical numbers approved; Master price resolved

8.3 Use of proceeds — indicative allocation for the Council

Bucket	Share	Notes
Venue-0 fit-out and Phygital Elements	35–40%	Reduced by sponsor in-kind kit: charging plaza, screen hardware, lounge fit-out
Four systems at PoC scope + SSP certification	12–15%	Certification budgeted separately from integration
Demand engine: Stage programming, anchor and creator traffic, launch	12–15%	The eighth line the original P&L lacked
Legal, structuring, opinions, escrow, compliance	8–10%	Legal Ally economics are equity; this covers third-party and filing costs
Working capital and first-loss reserve	12–15%	Covers ramp years under the landlord floor guarantee
Venue team (10–15) and G&A	10–12%	Lean by design: $0.50/sqft/month building opex

8.4 What the money is not for

- A factory acquisition (~$50M) — only on a second venue's order.
- The PEIT / REIT structure — scale phase.
- A second location — not without four quarters of data.
- In-house grocery operation to replace a lost anchor — a separate company (cold chain, shrink, buying power, licensing); recommended for separate deliberation.
- Ultra-fast-fashion tenants, discounted creator tiers, digital twins, teleportation.

9 The sequence playbook — who signs when

A naming sponsor buys traffic; anchors and infrastructure create it; the Legal Ally makes all of it fit for US law. The door comes last.

Phase 0 — Spine (T1, months 0–3)

Step	Action	Output
0.1	Direct conversations with the five candidate firms; present the Stewardship Mandate to the first-ranked firm	Legal Ally engaged on mandate terms
0.2	Legal Ally draws the funnel: admission standard and document set for every position; entity stack; escrow	Funnel live; subscriptions into escrow
0.3	Legal opinions: "5th Wall" trademark; children's data (COPPA / CCPA-CPRA); liability of counsel in membership terms	Written opinions — PoC preconditions
0.4	Canonical numbers page with a single owner; Position 08 resolutions taken (Master price, Arcade anchor, Emeritus funding, camera zoning, refusal, renaming)	One number set; membership terms drafted

Phase 1 — Ground and traffic (T1, months 1–4)

Step	Action	Output
1.1	Site file; two-track location screen (Trader Joe's footprint states / Gen Z density)	PoC site shortlist from the first-pass metro pool
1.2	Landlord negotiation: 20% equity in place of rent; fallback management / revenue share with floor guarantee	Signed landlord agreement — T2 gate
1.3	Retail broker appointed; grocery anchor (Trader Joe's; Sprouts / Aldi / H Mart backups)	Anchor LOI — T2 gate
1.4	Charging-host applications (Tesla / Mercedes HPC / Rivian)	Parking lot as zero-capex traffic engine
1.5	Rail wave 1: Etsy / Faire, Depop or StockX, MakerWorld / Bambu Lab, Jellycat; one screen partner	≥ 2 rail LOIs, 2 Cup League anchors — T2 gate
1.6	Corporate tier outreach to anchors and brands already in the funnel: allocated Arcade seats + Emeritus sessions	First Corporate seat commitments

Phase 2 — Door and media (T1 → T2, months 3–6)

Step	Action	Output
2.1	Beverage pouring rights; shop-in-shop corner	First cash category deal
2.2	Sponsor Rung 0 to Kia America / Hyundai Motor Group, Toyota alternative: in-kind kit + activation budget + ROFR; title-vs-showroom carve-out for Rivian	Door LOI — T2 gate
2.3	Faire deep-alliance track (commercial base; equity option after pilot cohort)	Door 2 term sheet

Step	Action	Output
2.4	Three-tier brand-fit policy and conflict list; Stage Access agreement template	Written policies in the funnel documents

Phase 3 — Venue-0 (T2, months 6–12 to opening)

Step	Action	Output
3.1	Fit-out via fabrication ally; Phygital Elements installed; sponsor kit delivered; camera zones posted; Arcade physically separated from Emeritus session floor	Opening-ready floor
3.2	Sovereign rail (OffNdOn) live eight weeks before opening; Guest registration instruments (locker, returns, twin pick-up) live	Booking and registration flows tested end to end
3.3	Four systems at PoC scope; written manual fallback for any system not running at opening	90-day no-fallback target
3.4	Stage programming calendar and budget (6–8% of gross); Emeritus vetting and first session programme	Demand engine funded; teaching bench seated
3.5	Third-party footfall counting and screen reporting ready on day one; membership dashboard live	Sponsor thresholds and membership health measurable

Phase 4 — Proof year (V0 → V0 + 12)

Window	Action	Instrument
V0 → +6 weeks	PingPod listed on DOOH SSPs (Vistar, Place Exchange, Broadsign)	Bookable screen-hours, fill rate, eCPM
V0 → +90 days	First ninety-day activation cohort matures	Guest → Master conversion; 90-day activation ≥ 70%
V0 → +2 quarters	Measurement certification	DSP demand unlocked
V0 +1 → +2 quarters	Faire pilot cohort of 100 Cup League brands	Faire → Atmosphere conversions
V0 +2 → +3 quarters	Shopify "Atmosphere Physical Channel" app; closed-loop physical ROAS	Installs, active campaigns, ARPU
≤ V0 +4 quarters	Certified Partner program on identical rate card; sponsor Rung 1 cash thresholds switch on	Enrollments; rail concentration ≤ one-third
V0 +12	Measured RevPAM at three scales; tenured renewal and non-dues ratio reported	The repricing milestone

10 Governance and structure

10.1 Corporate stack

- **PoC:** a single OpCo LLC under a management / revenue-share agreement with the landlord — the simplest structure a lender and an investor can read.
- **Scale:** PropCo (real-asset relationship) / OpCo-TRS (operations) / MemberCo (recurring-revenue community layer), with the IP holding structure beneath ALA. The PEIT™ name and tax design are held ready; first needed at the third venue with the first institutional PropCo partner.
- **Golden share:** IP, brand and member data never leave ALA.

10.2 Who holds what

Party	Holds	Does not hold
Founder / ALA	Every counterparty and investor relationship; commercial and brand decisions; 40% in C+C+C; golden share	Structural or compliance veto
Legal Ally	Entity design, registrations, admission standard, structural/compliance veto, escrow	Commercial, brand, operating decisions; any counterparty relationship
Investors	40% in the C+C+C reference; information rights; tranche gates	Operating control
Landlord	20% founding equity, or revenue share with floor guarantee	Any claim on IP or member data
Sponsor	Name on the door, category exclusivity, screen-grid share, ROFR; purchased participation at scale	A royalty on gross; broad approval rights
Members	Recognition, rights per tier, a freeze in every tier, private matching	A stake; a claim on entry for others

10.3 The incubation discipline

Where an anchor sponsor or lead investor requires it: full transparency of every account and counterparty; a short consent list (money above a threshold, borrowing, use of the sponsor's name, choice of counterparties, public communication, anything touching a foreign state); counsel of the sponsor's choosing retained by the company; personal indemnity and D&O; a kill switch; and a sunset by milestone — first clean audit, first closed transaction, first twelve months — under which the consent list shortens. Test, not trust. No step in the chain depends on any government, anywhere.

10.4 Household account and children's data

MemberCo issues household accounts only. No individual profile, sensor matching or personalisation for anyone under 18; HuxNet's age gate defaults to closed; children's Stage events are not recorded or streamed without parental consent. Written into the funnel as the proof of empathy over extraction: the thing competitors cannot do is win the household without watching the child.

11 Risk register — the pressure test, in investor form

Eighteen challenges are registered in the Founders' Council Handbook, Appendix I. The ones that bear on the round, with Position 08 items added:

#	Risk	Status	Mitigation in this plan	Kill threshold (proposed)
C2 / C18	Demand is assumed, not bought	Open	Eighth line "demand engine": anchors with own audience, sponsor traffic commitment, 6–8% Stage budget	Annualised visits < 600K at month 6 and flat → rebuild the engine
C11 / C12	Membership line too large and undefined	Answered by Position 08	Capacity-based Arcade; Master as traffic instrument tied to concrete rights; 25–35% band; recognition, not access	Conversion < 0.7% → reprice; Arcade occupancy < 50% or churn > 8%/mo at month 6 → shrink
C13	Double-counted sqft; missing cost lines	Open	Area-based model; add insurance, tax, security, marketing, tech amortisation	NOI margin < 20% → redesign line mix and sponsor terms
C4 / 5-E	Sponsor royalty on gross would take 23% of NOI	Closed, restructured	Sponsor pays with kit; any royalty on net of selected lines only, capped; one-page waterfall	—
C9	Children's data / COPPA	Open	Household-only accounts; legal opinion is a PoC precondition	MemberCo does not open without the opinion
P08-1	Liability for Emeritus guidance	New	Personal-opinion clause; written referral for licensed subjects	Membership terms do not issue without the clause
P08-2	The camera in the building	New	Zoning attached to the place; Stage Access disclosure covenant and suspension clause	Adopted as building policy before any Stage Access agreement
P08-3	Emeritus discount funded by an absent channel	Corrected	State support removed; Trader and Corporate fund the discount; grants are upside	—
C14	Message inconsistency across pages	Open	Canonical numbers page, one owner, quarterly audit	Zero tolerance
C15	"5th Wall" name vs the venture firm	Open	Trademark opinion before PoC; keep the mark for the manufacturer or obtain coexistence	Negative opinion → move published domains

#	Risk	Status	Mitigation in this plan	Kill threshold (proposed)
C4	Landlord declines equity-for-rent	Open	Fallback to Industrious-type management agreement	Two declines in a row → open under management agreement
C3	Brand fit / social licence	Partial	Three-tier fit policy; Tier 2 90-day exit rights; social-licence test	One entry triggers > 10% tenant exits → policy engages
8.1	Rail gatekeeper dependency	Engineered	Sovereign rail always live; no rail above one-third of booked demand	—
C8	Chain claim before proof	Closed	No second venue without four quarters of data	—

12 Twelve-month scoreboard — what Venue-0 must prove

Hypothesis	Metric	Phase
One household earns on more than one layer per visit	Household RevPAM; ≥ 15% of household visits multi-layer	P1
Traffic is reachable organically plus anchors	Source of first visit; anchor / creator / sponsor share	P1
Guest → Master conversion is real at $15–25	A/B of three price and rights bundles; 90-day activation ≥ 70%	P1
Arcade fills to physical capacity at $110–150	Staged opening at 300 desks; occupancy, churn	P1–P2
Members return weekly and know each other	Visits per member ≥ 4; social tie ratio ≥ 60%	P1–P2
Dues buy spend on the other six lines	Non-dues revenue / dues 1.5–3.0×	P2
Maker tables pay for themselves	Revenue per table vs turnover cost; contribution margin ≥ 15%	P1
Emeritus sessions fill without a public board	Session fill ≥ 80%, measured privately	P1–P2
Media approaches airport CPM with a measured audience	CPM ≥ 1.5× street DOOH with three pilot advertisers	P2
Four systems run 90 days without manual fallback	Uptime log	P0–P1
NOI margin stays above 30% with all lines	Full area-based P&L	P0 → P2

Into the replication book: the four systems and installation book; the area-based seven-line P&L with real ratios; the tier bundle and dashboard definitions; the maker on-ramp price ladder; the fit policy and conflict list; the signed landlord template; the demand-engine mix; the Stage calendar and budget percentage; camera zoning and the Stage Access agreement.

Stays local: anchor and creator list; Open Market programme; seed sponsor per location; Arcade capacity by mezzanine area; the Emeritus bench.

13 What the Council should resolve before the round goes out

#	Resolution	Owner
1	Master monthly price — everything in Position 08 derives from it; cannot be deferred	Council
2	Arcade anchor: adopt the coworking market median in place of a named competitor	Council
3	Emeritus discount funded by Trader and Corporate; state support removed from the model	Council
4	Camera zoning adopted as building policy before any Stage Access agreement	Council
5	Emeritus confirmed as the only refusable tier	Council
6	Position 08 renamed Users & Visitors & Beyond in the register	Council
7	Lead case for the investor deck: conservative (recommended) or founders' base	Council
8	Instrument, valuation basis, Tranche 1 lead	Council + Legal Ally
9	Sponsor royalty converted to kit + activation + ROFR; purchased participation at scale	Council
10	Household as primary customer definition; Tier 2 exit rights; ultra-fast fashion outside PoC	Council
11	Faire equity-level track authorisation	Council
12	Domain strategy pending trademark opinion; owner of the canonical numbers page; PoC as single LLC	Council + Legal Ally
13	Grocery anchor loss: separate deliberation before any in-house grocery operation	Council
14	Legal Ally ranking confirmed through direct conversations; Stewardship Mandate presented	Founder

Two matters are flagged rather than answered: the level of the Emeritus fee, which follows Master; and the physical separation of the Arcade from the Emeritus session floor, which depends on a floor plan not yet available.

A Sources — the Arms

Page	Role in this playbook
legal-ally.fifthwallpe.com	Alliance Skeleton Part 1; Stewardship Mandate; candidate ranking
users-visitors-beyond.atmospheremarketplace.com	Position 08; membership architecture; pricing; red lines; dashboard; the US Membership Economy and Live Commerce studies
entrepreneur-allies.fifthwallpe.com	Demand evidence index; the 100K → 92K equation; 1,001 positions; price anchor
pressure-test.fifthwallpe.com	Eighteen challenges; conservative-case corrections; test register; PoC scope
media-ally.fifthwallpe.com	The rails thesis; three doors; term-sheet skeleton; deployment calendar
sponsor-ally.fifthwallpe.com	Option 4 ladder; Kia primary; signing sequence; 120-day roadmap
anchor-allies.fifthwallpe.com	142 scored brands; four anchor types; offer package; 90-day outreach
landlord-math.fifthwallpe.com	Lease vs ally worksheet; floor guarantee logic
special-situation.alevelalliances.com	NPL framing of the box; incubation discipline; maturity wall
trust-ally.fifthwallpe.com	Field thesis; Qumbet lineage; golden share; the examination
marketoutlook.fifthwallpe.com	ICSC figures (2017–18), superseded by 2025–26 data per C17; not used here
Supporting	add-values-thirdplace.fifthwallpe.com (Investment Teaser); casestudies.fifthwallpe.com (Unit Economics)

B Glossary

- **RevPAM** — revenue per available metre, member or household; one definition, three scales.
- **Third Place / Third Space / Third Channel** — the physical venue, the digital layer, and the sales channel that did not exist between consolidated chains and online marketplaces.
- **Users & Visitors & Beyond** — the three membership families: people who use the building, people who visit it, and people connected to it without standing in it.
- **Recognition, not access** — the founding principle of membership: the door is open; the tier decides who is introduced, who may teach, who is answerable.
- **Payback rule** — the member must feel the fee returned within 30–45 days.
- **Sovereign rail** — Atmosphere's own booking surface (OffNdOn), always live regardless of third-party rails.
- **Cup League / Promising League** — scaling brands $10M–250M / $1M+ sellers; the core demand population.
- **Rail-anchor** — a platform (Etsy, Faire, Depop, MakerWorld) that fills the positions with one agreement.
- **PEIT™** — Phygital Estate Investment Trust; REIT-plus-operator design held for scale.
- **Stewardship Mandate** — the Legal Ally's economics, fiduciary duty, narrow governance and escrow.
- **The WeWork wound / the REEF wound / the Industrious doctrine** — the three precedent rules encoded in every document.