Inland Private Capital Corporation

Private Placement Memorandum

Sun Belt Multifamily Portfolio III DST

The Date of this Private Placement Memorandum is March 18, 2020.

CONFIDENTIAL

DST Interests are speculative, illiquid and involve a high degree of risk. Prospective Investors must read the entire Private Placement Memorandum in its entirety, including the "*Risk Factors*" beginning on page 27, before making an investment decision.

Summary Risk Factors

An investment in the Interests of the Sun Belt Multifamily Portfolio III DST (the Parent Trust) involves significant risk and is suitable only for Investors who have adequate financial means, desire a relatively long-term investment and who will not need immediate liquidity for their investment and can afford to lose their entire investment. Investors must read and carefully consider the discussion set forth in the section of the Private Placement Memorandum (Memorandum) captioned "Risk Factors." The risks involved with an investment in the Parent Trust include, but are not limited to:

- The Interests may be sold only to accredited investors, which, for natural persons, are investors who meet certain minimum annual income or net worth thresholds.
- The Interests are being offered in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended, and are not required to comply with specific disclosure requirements that apply to registration under the Securities Act of 1933, as amended.
- The Securities and Exchange Commission has not passed upon the merits of or given its approval to the Interests, the terms of the offering, or the accuracy or completeness of any offering materials.
- The Interests are subject to legal restrictions on transfer and resale and Investors should not assume they will be able to resell their Interests.
- Investing in Interests involves risk, and Investors should be able to bear the loss of their investment.
- Investors will have limited control over the Trusts.
- The Trustees will have limited duties to Investors and limited authority.
- There are inherent risks with real estate investments.
- There are economic risks associated with a fluctuating U.S. and world economy.
- There is risk of investor confidence due to public health concerns.
- The Parent Trust will depend on the Operating Trusts for revenue, the Operating Trusts will depend on the Master Tenants for revenue and the Master Tenants will depend on the Residents under the Residential Leases, and any default by the Master Tenants or the Residents will adversely affect the Trust's operations.
- The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Parent Trust and the Operating Trusts.
- The Space Coast Property is located in a "Hurricane Susceptible Region," which increases the risk of damage to the Space Coast Property.
- The Loans will reduce the funds available for distribution and increase the risk of loss.
- The prepayment premiums associated with, or expected to be associated with, the Loans may negatively affect the Parent Trust's exit strategies.
- If the Operating Trusts are unable to sell or otherwise dispose of their respective Properties before the maturity dates of the respective Loans, they may be unable to repay the Loans and may have to cause a Transfer Distribution (as defined herein).
- The Loan Documents contain, or are expected to contain, various restrictive covenants, and if the Parent Trust and/or the Operating Trusts fail to satisfy or violates these covenants, the Lender(s) may declare the applicable Loans in default.
- The terms of the Marley Park Loan and the KeyBank Loan may be different than what is discussed in the Memorandum.
- There is no public market for the Interests.
- An investment in the Interests will not be diversified as to the type of asset or geographic location.
- The Interests are not registered with the Securities and Exchange Commission or any state securities commissions.
- Investors may not realize a return on their investment for years, if at all.
- The Parent Trust is not providing any prospective Investor with separate legal, accounting or business advice or representation.
- There are various tax risks, including the risk that an acquisition of an Interest may not qualify as a Section 1031 Exchange.

Each prospective Investor should consult with his, her or its own tax advisor regarding an investment in the Interests and the qualification of his, her or its transaction under Internal Revenue Code Section 1031 for his, her or its specific circumstances.

SUN BELT MULTIFAMILY PORTFOLIO III DST

$80,895,627 of Delaware Statutory Trust Interests

Minimum Purchase for Section 1031 Investors: $100,000
Minimum Purchase for Cash Investors: $25,000

Sun Belt Multifamily Portfolio III DST, a newly formed Delaware statutory trust (the "**Parent Trust**") and an affiliate of Inland Private Capital Corporation ("**IPC**" or the "**Sponsor**"), is hereby offering (the "**Offering**") to sell to certain qualified, accredited investors (the "**Investors**") pursuant to this Private Placement Memorandum (as amended and supplemented from time to time and with all exhibits hereto, the "**Memorandum**") 100% of the beneficial interests (the "**Interests**") in the Parent Trust. **You should read this Memorandum in its entirety before making an investment decision.**

The Parent Trust owns, or will acquire and own, 100% of the beneficial interests in the following Delaware statutory trusts:

- Country Place AZ Multifamily DST (the "**Country Place Trust**");
- Marley Park AZ Multifamily DST (the "**Marley Park Trust**"); and
- Space Coast Multifamily DST (the "**Space Coast Trust**").

The Country Place Trust, the Marley Park Trust, and the Space Coast Trust are sometimes collectively referred to herein as the "**Operating Trusts**," and each, as an "**Operating Trust**." The Operating Trusts and the Parent Trust are collectively referred to herein as the "**Trusts**," and may each be referred to as a "**Trust**," which terms may either be a generic reference to any or all of the Trusts, or may refer to a particular Trust, as the context requires.

The Properties

Each Operating Trust owns, or will acquire and own, the land and improvements located at the corresponding address set forth in the chart below.

Operating Trust	Property	The Buildings	The Units
Country Place Trust	Christopher Todd Communities at Country Place 2500 South 99th Avenue Tolleson, Arizona 85353 (the "**Country Place Property**")	The Country Place Property consists of approximately 12.82 acres of land, upon which are situated 136 primary buildings, including 129 residential buildings, one leasing office building, and six detached garage buildings (collectively, the "**Country Place Buildings**").	The Country Place Buildings contain a total of approximately 139,688 square feet of net leasable floor area across 154 apartment units (the "**Country** Place **Units**").
Marley Park Trust	Christopher Todd Communities at Marley Park 15025 West Old Oak Lane Surprise, Arizona 85379 (the "**Marley Park Property**")	The Marley Park Property consists of approximately 13.365 acres of land, upon which are situated 149 primary buildings including 141 residential buildings, one leasing office building, one fitness center building, and six detached garage buildings (collectively, the "**Marley Park Buildings**").	The Marley Park Buildings contain a total of approximately 154,150 square feet of net leasable floor area across 173 apartment units (the "**Marley Park Units**").
Space Coast Trust	Centre Pointe Apartments 6705 Shadow Creek Trail Melbourne, Florida 32940 (the "**Space Coast Property**")	The Space Coast Property consists of approximately 10.4 acres of land, upon which are situated 11 primary buildings including nine residential buildings, one covered parking garage, one single-story clubhouse and a leasing office (collectively, the "**Space Coast Buildings**").	The Space Coast Buildings contain a total of approximately 240,296 square feet of net leasable floor area across 272 apartment units (the "**Space Coast Units**").

The Country Place Property, the Marley Park Property, and the Space Coast Property are collectively referred to herein as the "**Properties**," and each may be referred to as a "**Property**," which terms may either be a generic reference to any or all of the Properties, or may refer to a particular Property, as the context requires. Similarly, the Country Place Units, the Marley Park Units, and the Space Coast Units are collectively referred to herein as the "**Units**", and the Country Place Buildings, the Marley Park Buildings, and the Space Coast Buildings are collectively referred to herein as the "**Buildings**".

The Leases and the Tenants

The Country Place Trust has leased the Country Place Property to an affiliate of IPC, Country Place AZ Multifamily LeaseCo, L.L.C., a newly-formed Delaware limited liability company (the "**Country Place Master Tenant**"), pursuant to a master lease agreement (the "**Country Place Master Lease**"). The Country Place Master Tenant sub-leases the Country Place Property to residents who occupy the Country Place Property (the "**Country Place Residents**") pursuant to residential leases (the "**Country Place Residential Leases**").

Concurrent with acquiring the Marley Park Property and obtaining the Marley Park Loan (as defined herein), the Marley Park Trust will lease the Marley Park Property to an affiliate of IPC, Marley Park AZ Multifamily LeaseCo, L.L.C., a newly-formed Delaware limited liability company (the "**Marley Park Master Tenant**"), pursuant to a master lease agreement (the "**Marley Park Master Lease**"). The Marley Park Master Tenant will sub-lease the Marley Park Property to residents who occupy the Marley Park Property (the "**Marley Park Residents**") pursuant to residential leases (the "**Marley Park Residential Leases**").

Concurrent with acquiring the Space Coast Property and obtaining the KeyBank Loan (as defined herein), the Space Coast Trust will lease the Space Coast Property to an affiliate of IPC, Space Coast Multifamily LeaseCo, L.L.C., a newly-formed Delaware limited liability company (the "**Space Coast Master Tenant**"), pursuant to a master lease agreement (the "**Space Coast Master Lease**"). The Space Coast Master Tenant will sub-lease the Space Coast Property to residents who occupy the Space Coast Property (the "**Space Coast Residents**") pursuant to residential leases (the "**Space Coast Residential Leases**").

The Country Place Master Lease, the Marley Park Master Lease, and the Space Coast Master Lease are collectively referred to herein as the "**Master Leases**," and the Country Place Master Tenant, the Marley Park Master Tenant, and the Space Coast Master Tenant are collectively referred to herein as the "**Master Tenants**."

The Country Place Residents, the Marley Park Residents, and the Space Coast Residents are collectively referred to herein as the "**Residents**," and the Country Place Residential Leases, the Marley Park Residential Leases, and the Space Coast Residential Leases are collectively referred to herein as the "**Residential Leases**." The Master Leases and the Residential Leases are collectively referred to herein as the "**Leases**."

The Management of the Properties

The Country Place Trust has entered into an asset management agreement (the "**Country Place Asset Management Agreement**") with Country Place AZ Multifamily Exchange, L.L.C., a Delaware limited liability company (such entity, in such capacity, the "**Country Place Asset Manager**"), for the management of the day-to-day affairs of the Country Place Trust. The Country Place Asset Manager is also the Country Place Signatory Trustee (as defined herein). The Country Place Master Tenant has entered into a property management agreement (the "**Country Place Property Management Agreement**") with Inland Residential Real Estate Services, L.L.C., a Delaware limited liability company and an affiliate of IPC (the "**Property Manager**") for the management of the Country Place Property.

Concurrent with acquiring the Marley Park Property and obtaining the Marley Park Loan, the Marley Park Trust will enter into an asset management agreement (the "**Marley Park Asset Management Agreement**") with Marley Park AZ Multifamily Exchange, L.L.C., a Delaware limited liability company (such entity, in such capacity, the "**Marley Park Asset Manager**"), for the management of the day-to-day affairs of the Marley Park Trust. The Marley Park Asset Manager is also the Marley Park Signatory Trustee (as defined herein). Concurrent with entering into the Marley Park Master Lease, the Marley Park Master Tenant will enter into a property management agreement for the Marley Park Property (the "**Marley Park Property Management Agreement**") with the Property Manager for the management of the Marley Park Property.

Concurrent with acquiring the Space Coast Property and obtaining the KeyBank Loan, the Space Coast Trust will enter into an asset management agreement (the "**Space Coast Asset Management Agreement**") with Space Coast Multifamily Exchange, L.L.C., a Delaware limited liability company (such entity, in such capacity, the "**Space Coast Asset Manager**"), for the management of the day-to-day affairs of the Space Coast Trust. The Space Coast Asset Manager is also the Space Coast Signatory Trustee (as defined herein). Concurrent with entering into the Space Coast Master Lease, the Space Coast Master Tenant will enter into a property management agreement for the Space Coast Property (the "**Space Coast Property Management Agreement**") with the Property Manager for the management of the Space Coast Property.

The Country Place Asset Management Agreement, the Marley Park Asset Management Agreement, and the Space Coast Asset Management Agreement are collectively referred to herein as the "**Asset Management Agreements**," and the Country Place Asset Manager, the Marley Park Asset Manager, and the Space Coast Asset Manager are collectively referred to herein as the "**Asset Managers**" and each, as an "**Asset Manager**."

The Country Place Property Management Agreement, the Marley Park Property Management Agreement, and the Space Coast Property Management Agreement are collectively referred to herein as the "**Property Management Agreements**."

The Acquisition and Financing of the Properties

Acquisition and Financing of the Country Place Property. The Country Place Trust acquired the Country Place Property from Christopher Todd Country Place, LLC, an Arizona limited liability company (the "**Country Place Seller**"), on March 12, 2020 for a purchase price of $36,960,000. The Country Place Trust funded the purchase price of the Country Place Property, in part, with cash provided as a capital contribution from the Parent Trust, in its capacity as beneficiary of the Country Place Trust. The remaining portion of the purchase price was funded by a loan to the Country Place Trust, secured by the Country Place Property, in the original principal amount of $22,101,000 (the "**Country Place Loan**") from NorthMarq Capital Finance L.L.C., a Nebraska limited liability company ("**NorthMarq**"), under the Federal National Mortgage Association ("**Fannie Mae**") and Delegated Underwriting Service ("**DUS**") loan program. The Country Place Loan has a term of 10 years, maturing on April 1, 2030, and bears interest at a fixed annual rate of 3.16%.

Anticipated Acquisition and Financing of the Marley Park Property. The Marley Park Trust expects to acquire the Marley Park Property from Christopher Todd Marley Park, LLC, an Arizona limited liability company (the "**Marley Park Seller**"), on or about April 3, 2020 for a purchase price of $41,693,000. The Marley Park Trust will fund the purchase price of the Marley Park Property, in part, with cash provided as a capital contribution from the Parent Trust, in its capacity as beneficiary of the Marley Park Trust. The remaining portion of the purchase price will be funded by a loan to the Marley Park Trust, secured by the Marley Park Property, in the original principal amount of $22,931,000 (the "**Marley Park Loan**") from NorthMarq under the Fannie Mae DUS loan program. The Marley Park Loan is expected to have a term of 10 years and to bear interest at a fixed annual rate of 2.88%.

Anticipated Acquisition and Financing of the Space Coast Property. Space Coast Multifamily, L.L.C., a Delaware limited liability company and an affiliate of IPC (the "**Space Coast Depositor**"), in its role as depositor to the Space Coast Trust, expects to acquire 100% of the membership interests (the "**Space Coast Membership Interests**") in Centre Pointe Apartments, LLC, a Florida limited liability company ("**Centre Pointe Apartments Holdco**"), the company that owns the Space Coast Property, from TLC Centre Pointe Holdings, LLC, a Florida limited liability company (the "**Space Coast Seller**"), on or about March 24, 2020 for a purchase price of $70,720,000. Concurrent with the acquisition of the Space Coast Membership Interests, the Centre Pointe Apartments Holdco will merge with and into the Space Coast Trust, leaving the Space Coast Trust as the surviving entity (the "**Space Coast DST Merger**"). The Space Coast Trust expects to fund the purchase price of the Space Coast Property, in part, with cash, provided as a capital contribution from the Space Coast Depositor, and in part with a loan to the Space Coast Trust, from KeyBank National Association ("**KeyBank**") under the Fannie Mae DUS loan program in the original principal amount of $38,896,000 (the "**KeyBank Loan**"). The KeyBank Loan is expected to have a 10-year term, and to bear interest at a fixed annual rate of 3.15% per annum. The Space Coast Depositor will assign 100% of the interests in the Space Coast Trust to the Parent Trust concurrent with the closing of the KeyBank Loan.

The Country Place Loan, the Marley Park Loan, and the KeyBank Loan are sometimes collectively referred to as the "**Loans**," and, each, as a "**Loan**." NorthMarq and the KeyBank are sometimes collectively referred to as

the "**Lenders**," and, each, as a "**Lender**." The Loans will not be cross-collateralized or cross-defaulted, meaning a default under one of the Loans will allow the applicable Lender to recover against only the particular Property securing the particular Loan and will not trigger a default under any other Loan.

IMPORTANT NOTE TO PROSPECTIVE INVESTORS: Investors may not acquire an Interest in the Parent Trust until: (1) the Marley Park Trust acquires the Marley Park Property and obtains the Marley Park Loan; (2) the Space Coast Trust acquires the Space Coast Property and obtains the KeyBank Loan; (3) each of the Marley Park Trust and the Space Coast Trust enters into a Master Lease with its respective Master Tenant; and (4) each of the Marley Park Trust and the Space Coast Trust enters into an Asset Management Agreement with its respective Asset Manager; and (5) each of the Marley Park Master Tenant and the Space Coast Master Tenant enters into a Property Management Agreement with the Property Manager (such events, collectively, the "Closing Events"). The Sponsor will issue a supplement to this Memorandum (a "Closing Supplement") as soon as practicable after the Closing Events have occurred (such date, the "Closing Date").

For purposes of determining liabilities assumed with respect to the Properties in connection with an Investor's Section 1031 Exchange (as defined herein), each Investor will be allocated a pro rata percentage of the Loans (expected to be $103,748.50 per $100,000 Interest).

The Trust Agreements

The Properties' ownership is governed by the trust agreements of the Parent Trust (the "**Parent Trust Agreement**") and the Operating Trusts (each such agreement, an "**Operating Trust Agreement**" and together with the Parent Trust Agreement, the "**Trust Agreements**"). Sun Belt Multifamily Portfolio III Exchange, L.L.C., a Delaware limited liability company and an affiliate of the Sponsor, is the signatory trustee under the Parent Trust Agreement (the "**Parent Signatory Trustee**") and is responsible for the operation of the Parent Trust. As of the date of this Memorandum, Sun Belt Multifamily Portfolio III, L.L.C., a Delaware limited liability company and affiliate of the Sponsor (the "**Parent Depositor**"), owns 100% of the beneficial interests in the Parent Trust and is the beneficiary of the Parent Trust. If any Interests in the Parent Trust cannot be sold, the Parent Depositor, or an affiliate of the Parent Depositor, will own the remaining Interests. For purposes of this Memorandum, whenever a reference is made to the Parent Depositor owning an Interest, this reference should also be construed to include the Parent Depositor's affiliate as referenced above. The Interests owned by the Parent Depositor will be held for investment purposes and not for resale. For purposes of this Memorandum, various fees have been calculated based on the sale of 100% of the Interests, equivalent to $80,895,627 (the "**Maximum Offering Amount**").

The Offering Terms

The minimum amount of Interests that a prospective Investor completing a tax-deferred exchange under Section 1031 of the Internal Revenue Code of 1986, as amended (the "**Code**"), may purchase is $100,000 unless the Parent Trust waives this minimum requirement. Unless otherwise indicated, all section references herein refer to the Code and the Treasury Regulations promulgated thereunder. The minimum amount of Interests that a prospective Investor making a cash investment without a Section 1031 tax-deferred exchange ("**Section 1031 Exchange**") may purchase is $25,000, unless the Parent Trust waives this minimum requirement. The Offering will terminate on or before the earlier of March 17, 2020 or the date on which all $80,895,627 of the Interests offered hereby have been sold.

Acquisition of the Interests is designed for, but not limited to, prospective Investors seeking to defer the recognition of gain on the sale of other real property (the "**Relinquished Property**") under Section 1031. A Section 1031 Exchange generally allows the seller of investment and business real property to defer federal and state capital gains taxation on the sale by exchanging the Relinquished Property for another real property of like kind. The Parent Trust has not requested, and does not plan to request, a private letter ruling from the Internal Revenue Service (the "**IRS**") that the Interests will be treated as a direct acquisition of the Properties by the Investors for purposes of Section 1031. However, tax counsel to the Parent Trust has provided a tax opinion that the acquisition of an Interest by an Investor should be treated as a direct acquisition of the Properties by an Investor for purposes of Section 1031. This opinion, however, is limited in scope and does not opine on all matters necessary for the prospective Investor's acquisition to qualify under Section 1031. See "*Risk Factors - Tax Risks*" for additional discussion.

	Cash Price to Purchasers	Selling Commissions and Expenses[1]	Proceeds to Parent Trust[2]
Minimum Cash Purchase[3]	$25,000	$2,388	$22,612
Maximum Offering Amount	$80,895,627	$7,724,189	$73,171,438

(1) An affiliate of the Sponsor, Inland Securities Corporation ("**ISC**"), serves as placement agent for the Offering (the "**Placement Agent**") and will receive selling commissions (the "**Selling Commissions**") of up to 6.0% of the gross Offering proceeds and a dealer fee (the "**Dealer Fee**") for coordinating the marketing of the Interests with any participating broker/dealers as well as for non-itemized, non-invoiced due diligence efforts in an amount equal to 1.25% of the gross Offering proceeds. ISC will reallow all of the Selling Commissions and the Dealer Fee to broker/dealers who are members of the Financial Industry Regulatory Authority ("**FINRA**"). The Parent Trust also will pay a fee to ISC equal to 1.65% of the gross Offering proceeds for serving as the Placement Agent (the "**Placement Agent Fee**"). The Parent Trust also will reimburse the Sponsor, its affiliates and certain third parties for offering and organizational expenses (the "**O&O Expenses**") in an amount equal to 0.65% of the gross cash proceeds of the Offering. The Selling Commissions, the Dealer Fee, the Placement Agent Fee, and the O&O Expenses, as well as other costs of the Offering, will be paid by the Parent Trust out of the gross Offering proceeds. See "*Estimated Use of Proceeds*" and "*Plan of Distribution*."

(2) The proceeds shown are after deducting the Selling Commissions, the Dealer Fee, the Placement Agent Fee, and the O&O Expenses, but before deducting fees and expenses incurred in connection with the acquisition of the Properties and the closing of the Loans, including those payable to the Sponsor and its affiliates. See "*Estimated Use of Proceeds*."

(3) The minimum amount of Interests that a prospective Investor completing a Section 1031 Exchange may purchase is $100,000, unless the Parent Trust waives this minimum requirement. The minimum amount of Interests that a prospective Investor making a cash investment without a Section 1031 Exchange may purchase is $25,000, unless the Parent Trust waives this minimum requirement.

POTENTIAL INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING

Each prospective Investor should consult with his, her, or its own tax advisor regarding an investment in the Interests and the qualification of his, her, or its transaction under Section 1031 for his, her or its specific circumstances. Each prospective Investor's specific circumstances may differ and, as a result, no assurances can be given and no legal opinion will be provided that the purchase of the Interests by any prospective Investor will qualify as a Section 1031 Exchange.

An investment in Interests involves significant risk and is suitable only for Investors who have adequate financial means, desire a relatively long-term investment, will not need immediate liquidity from their investment, and can afford to lose their entire investment. The risks involved with an investment in Interests include, but are not limited to:

- **Investors have limited control over the Trusts.**
- **The Trustees (as defined herein) have limited duties to Investors and limited authority.**
- **There are risks inherent in real estate investing.**
- **There are economic risks associated with a fluctuating U.S. and world economy. There are also risks of investor confidence related to public health concerns.**
- **The Parent Trust will depend on the Operating Trusts for revenue, the Operating Trusts will depend on the Master Tenants for revenue, and the Master Tenants will depend on the Residents under the Residential Leases for revenue. Any default by the Master Tenants or the Residents will adversely affect the Parent Trust's and the Operating Trusts' operations.**
- **The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Parent Trust and the Operating Trusts.**
- **The Space Coast Property is located in a "Hurricane Susceptible Region," which increases the risk of damage to the Space Coast Property.**
- **The Loans will reduce the funds available for distribution and increase the risk of loss.**
- **The prepayment premiums associated with, or expected to be associated with, the Loans may negatively affect the Parent Trust's exit strategies.**
- **If the Operating Trusts are unable to sell or otherwise dispose of their respective Properties before the maturity dates of the respective Loans, they may be unable to repay the Loans and may have to cause a Transfer Distribution (as defined herein).**
- **The Loan Documents (as defined herein) each contain, or are expected to contain, various restrictive covenants, and if the Parent Trust and/or the Operating Trusts fail to satisfy or violate these covenants, the Lender(s) may declare the applicable Loans in default.**
- **The terms of the Marley Park Loan and the KeyBank Loan may differ from the terms described herein.**
- **There is no public market for the Interests.**

- **The Interests are not registered with the Securities and Exchange Commission (the "SEC") or any state securities commissions.**
- **Investors may not realize a return on their investment for years, if at all.**
- **The Parent Trust will not provide prospective Investors with separate legal, accounting, or business advice or representation.**
- **Various tax risks, including the risk that an acquisition of an Interest may not qualify as a Section 1031 Exchange.**

Investors must read and carefully consider the discussion set forth below in the section captioned "*Risk Factors*," beginning on page 27 of this Memorandum.

The Interests have not been approved or disapproved by the SEC or the securities regulatory authority of any state, nor has the SEC or any securities regulatory authority of any state passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

The Interests are being offered only to persons who are "accredited investors," as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act") and any corresponding provisions of state securities laws.

The Interests have not been, and will not be, registered under the Securities Act or any state securities laws. The Interests will be offered and sold pursuant to an exemption from the registration requirements of the Securities Act, in accordance with Rule 506(b) of Regulation D, and in compliance with any applicable state securities laws. The Interests will not be offered or sold in any state in which such offers or sales are not qualified or otherwise exempt from registration. The Parent Trust reserves the right to reject any offer to purchase the Interests. In addition, the Parent Trust reserves the right to cancel any sale at any time prior to the receipt of funds for purchase if that sale, in the opinion of the Parent Trust and its counsel, may violate any federal or state securities law or regulation or is otherwise objectionable for whatever reason. The Interests will be subject to restrictions on transferability and resale and Investors will not be able to transfer or resell Interests or any beneficial interest therein unless the Interests are registered pursuant to, or are exempted from, such registration requirements. Investors must be prepared to bear the economic risk of an investment in the Interests for an indefinite period of time and be able to withstand a total loss of their investment.

Neither the Parent Trust, the Sponsor, nor any of their respective affiliates has authorized any person to make any representations or furnish any information with respect to the Interests or the Properties, other than as set forth in this Memorandum or other documents or information the Parent Trust or the Sponsor may furnish to Investors. Investors are encouraged to ask the Parent Trust or the Sponsor questions concerning the terms and conditions of this Offering and the Properties.

The Sponsor has prepared this Memorandum solely for the benefit of persons interested in acquiring Interests. The recipient of this Memorandum agrees to keep the contents of this Memorandum confidential and not to duplicate or furnish copies of this Memorandum to any person other than such recipient's advisors, and further agrees promptly to return this Memorandum to the Parent Trust at the address below if: (1) the recipient decides not to purchase the Interests; (2) the recipient's purchase offer is rejected; or (3) the Offering is terminated prior to a purchase by the recipient.

This Memorandum contains summaries of certain agreements and other documents. Although the Sponsor believes these summaries are accurate, potential Investors should refer to the actual agreements and documents available in the Digital Investor Kit for more complete information about the rights, obligations, and other matters in the agreements and documents. In addition, prospective Investors are strongly encouraged to have independent legal counsel closely review this Memorandum and all documents referenced herein and attached hereto, including, but not limited to, the Loan Documents (as defined herein).

The mailing address of the Parent Trust is Sun Belt Multifamily Portfolio III DST, c/o Investor Services, Inland Private Capital Corporation, 2901 Butterfield Road, Oak Brook, Illinois 60523, and the telephone number is (888) 671-1031.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

This Memorandum contains statements about operating and financial plans, terms and performance of the Properties and other projections of future results. Forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "plans," "will," "may," and similar expressions. The "forward-looking" statements are based on various assumptions, for example, the growth and expansion of the economy, projected financing environment and real property market value trends, and these assumptions may prove to be incorrect. Accordingly, these forward-looking statements might not accurately predict future events or the actual performance of an investment in the Interests. In addition, Investors must disregard any projections and representations, written or oral, which do not conform to those contained in this Memorandum.

MARKET DATA

The market data and forecasts used in this Memorandum were obtained from independent industry sources as well as from research reports prepared for other purposes. Neither the Parent Trust, the Sponsor, nor their affiliates have independently verified the data obtained from these sources and they cannot give any assurance of the accuracy or completeness of the data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this Memorandum.

LEGENDS

NOTICE TO INVESTORS IN ALL U.S. STATES

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS MEMORANDUM AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

CHRISTOPHER TODD DISCLAIMER

THIS OFFERING CONTAINS TRADEMARKS THAT ARE THE EXCLUSIVE PROPERTY OF CHRISTOPHER TODD LICENSING, LLC DBA CHRISTOPHER TODD COMMUNITIES ("CTC") AND ITS AFFILIATES. OTHERS MAY LICENSE CTC TRADEMARKS FROM CTC. MASTER TENANT WILL HAVE A LICENSE TO USE CTC TRADEMARKS BUT SUCH LICENSE MAY EXPIRE OR TERMINATE AT ANY TIME, IN WHICH CASE THE CTC TRADEMARKS MAY NO LONGER BE USED OR ASSOCIATED WITH THE APPLICABLE CTC COMMUNITY. NONE OF CTC OR ITS AFFILIATES IS AN ISSUER OR UNDERWRITER OF THE INTERESTS BEING OFFERED IN THIS OFFERING, PLAYS (OR WILL PLAY) ANY ROLE IN THE OFFER OR SALE OF THE INTERESTS, OR HAS ANY RESPONSIBILITY FOR THE CREATION OR CONTENTS OF THIS OFFERING, AND CTC HAS NOT ENDORSED OR RATIFIED THIS MEMORANDUM OR THIS OFFERING. CTC MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THIS OFFERING. CTC DOES NOT OWN OR OPERATE ANY COMMUNITY REFERENCED IN THIS MEMORANDUM. IN ADDITION, CTC WILL NOT HAVE ANY LIABILITY OR RESPONSIBILITY WHATSOEVER ARISING OUT OF OR RELATED TO THE SALE OR OFFER OF THE INTERESTS BEING OFFERED IN THIS OFFERING, INCLUDING ANY LIABILITY OR RESPONSIBILITY FOR ANY FINANCIAL STATEMENTS, PROJECTIONS, FORECASTS OR OTHER FINANCIAL INFORMATION OR OTHER INFORMATION CONTAINED IN THIS OFFERING OR OTHERWISE DISSEMINATED IN CONNECTION WITH THE OFFER OR SALE OF THE INTERESTS OFFERED BY THIS OFFERING.

TABLE OF CONTENTS

EXHIBITS

In an effort to minimize its impact on the Earth, IPC is committed to implementing innovative and responsible environmental practices across the company. As part of its commitment, IPC has made most of the additional information relating to the Offering available in a Digital Investor Kit, but paper copies are available upon request. To obtain them, please contact Investor Services at Sun Belt Multifamily Portfolio III DST, 2901 Butterfield Road, Oak Brook, Illinois 60523, or (888) 671-1031.

The following additional documents are available in the Digital Investor Kit:

- Appraisals
- Asset Management Agreements (in draft form with respect to the Marley Park Asset Management Agreement and the Space Coast Asset Management Agreement)
- Assignments of Leases and Contracts (in draft form with respect to the Marley Park Property and the Space Coast Property)
- Bills of Sale (for the Country Place Property only)
- Delaware Statutory Trust Agreements
- Demand Notes (in draft form with respect to the Marley Park Master Tenant and the Space Coast Master Tenant)
- Forms of Residential Leases
- Loan Documents (for the Country Place Loan only)

- Master Lease Agreements (in draft form with respect to the Marley Park Master Lease and the Space Coast Master Lease)
- Phase I Environmental Site Assessments
- Property Condition Assessments
- Property Condition Assessment Reliance Letters
- Property Management Agreements (in draft form with respect to the Marley Park Property Management Agreement and the Space Coast Property Management Agreement)
- Settlement Statement (for the Country Place Property only)
- Special Warranty Deed (for the Country Place Property only)
- Surveys (in draft form for the Marley Park Property)
- Title Insurance Company's Pro Forma Owner's Title Policy (Country Place Property only)
- Zoning Reports

The following documents that pertain to the Marley Park Property and the Space Coast Property will be made available when the Parent Trust issues the Closing Supplement to Investors:

- Asset Management Agreements
- Assignments of Leases and Contracts
- Closing Documents
- Demand Notes
- Master Lease Agreements
- Loan Documents
- Property Management Agreements
- Survey (Marley Park Property)
- Title Insurance Company's Pro Forma Owner's Title Policy

THE DOCUMENTS THAT ARE AVAILABLE IN THE DIGITAL INVESTOR KIT ARE IMPORTANT FOR PURPOSES OF INVESTORS' REVIEW. IF YOU ARE NOT ABLE TO ACCESS THE DIGITAL INVESTOR KIT, PLEASE CONTACT IPC IMMEDIATELY.

SUMMARY OF THE OFFERING

The following summary provides selected information regarding the Parent Trust, the Operating Trusts, the Properties, and this Offering. This summary should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum, including the Exhibits hereto, and the documents available in the Digital Investor Kit. Each prospective Investor must carefully read the entire Memorandum before investing in the Interests.

Terms of the Offering

The Parent Trust is offering to sell up to $80,895,627 in Interests in the Parent Trust to Investors. A prospective Investor completing a Section 1031 Exchange must invest at least $100,000, unless the Parent Trust waives this requirement. A prospective Investor making a cash investment without a Section 1031 Exchange must invest at least $25,000, unless the Parent Trust waives this requirement. The Offering is designed for, but is not limited to, prospective Investors seeking to participate in a proposed Section 1031 Exchange. Because each prospective Investor's situation will be different, there can be no assurances that an Investor's purchase of Interests will qualify under Section 1031.

As of the date of this Memorandum, the Parent Depositor owns 100% of the beneficial interests in the Parent Trust, and is the beneficiary of the Parent Trust. The proceeds of the Offering will be used, in part, to return to the Parent Depositor its capital contributions and to reduce the Parent Depositor's Interests, provided that, in all cases, if any Interests in the Parent Trust cannot be sold, the Parent Depositor or its affiliates will own the remaining Interests. The Parent Depositor or its affiliates will hold the Interests for investment purposes and not for resale.

Investors may not acquire an Interest in the Parent Trust until: (1)) the Marley Park Trust acquires the Marley Park Property and obtains the Marley Park Loan; (2) the Space Coast Trust acquires the Space Coast Property and obtains the KeyBank Loan; (3) each of the Marley Park Trust and the Space Coast Trust enters into a Master Lease with its respective Master Tenant; and (4) each of the Marley Park Trust and the Space Coast Trust enters into an Asset Management Agreement with its respective Asset Manager; and (5) each of the Marley Park Master Tenant and the Space Coast Master Tenant enters into a Property Management Agreement with the Property Manager. The Offering will terminate on or before the earlier of March 17, 2020 or the date on which all $80,895,627 of the Interests offered hereby have been sold.

Business Objectives and Discussion

The principal objectives of the Parent Trust, through its ownership of the respective Operating Trusts, are to: (1) lease the Properties to the Master Tenants with the intent that they manage the Properties to realize their maximum operating performance; (2) pay regular distributions to Investors out of net cash flow as described in Exhibit D; (3) preserve the intrinsic value of the Properties; and (4) complete a sale of the Properties prior to the maturity dates of the respective Loans, as such dates may be extended, that maximizes the Investors' return of capital. NO ASSURANCE CAN BE GIVEN THAT THESE OBJECTIVES WILL BE ACHIEVED. Investors must read and carefully consider the discussion set forth below in the section captioned "*Risk Factors*," beginning on page 27 of this Memorandum.

The Parent Signatory Trustee believes that an investment in the Parent Trust offers the following benefits:

- **Diversified Portfolio of Newly Constructed Multifamily Properties** – The Parent Trust's portfolio of Properties consists of newly constructed multifamily properties with brand-new luxurious finishes and thoughtful design. The portfolio is diversified among two strong geographic locations. The Country Place Property and the Marley Park Property are located in the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area, or "**Phoenix MSA**," one of the fastest growing metros in the nation with forecasted annual growth of 2% through 2032. The Space Coast Property is located in the Palm Bay-Melbourne-Titusville, FL Metropolitan Statistical Area (the "**Melbourne MSA**"). The Melbourne MSA is centrally located on Florida's Atlantic Coast, and includes the Kennedy Space Center and Cape Canaveral Air Force Station.

- **Experienced Management** – Inland's management team has experience in all aspects of acquiring, owning, managing, and financing real estate, including multifamily properties. As of December 31, 2019, Inland was responsible for the asset management of 686 properties located in 44 states. These properties include 18,161 multi-family and student housing units. "Inland" is defined herein.

- **Separate Loans** – Each Property is, or will be, financed with a separate Loan. The Loans will not be cross-collateralized or cross-defaulted, meaning a default under one of the Loans will allow the applicable Lender to recover against only the particular Property securing the particular Loan and will not trigger a default under any other Loan.

- **Long-term, Fixed Rate, Amortizing Loans** – Each Loan has, or is expected to have, a 10-year term and bears, or is expected to bear, interest at an effective fixed interest rate. For the final six years of the Country Place Loan term, and for the final three years of each of the Marley Park Loan term and the KeyBank Loan term, the applicable Operating Trust will be required to make monthly payments of principal and interest, with principal amortizing on a 30-year schedule, in a fixed amount. See "*Financing Terms*" for a more detailed discussion of the Loans.

- **Master Lease Structure** – The master lease structure to be used by the Operating Trusts will allow each Master Tenant to operate its respective Property on behalf of the Operating Trust and to enable actions to be taken with respect to the Property that the Operating Trust would be unable to take due to tax law-related restrictions, including, but not limited to, a restriction against re-leasing the Property. See "*Summary of the Leases – Master Leases.*"

The Properties – Description

Certain general information concerning the Properties is summarized in the table below. More detailed descriptions of the Properties follow the table.

Property	Land Area and Building	Units	Year Built
Country Place Property	12.82 Acres of Land 139,688 Sq. Ft. of leasable area	154	2018

Marley Park Property	13.365 Acres of Land 154,150 Sq. Ft. of leasable area	173	2019
Space Coast Property	10.40 Acres of Land 240,296 Sq. Ft. of leasable area	272	2019

* Except as otherwise set forth herein, all references in this Memorandum to acreage and parking spaces are based on the surveys for the respective Properties, copies of which are available in the Digital Investor Kit. References to the leasable square footage of the Properties are based on the rent rolls for the respective Properties.

The Country Place Property

The Country Place Property consists of approximately 12.82 acres of land, upon which are situated 136 Country Place Buildings, including 129 residential buildings, one leasing office building, and six detached garage buildings.

The Country Place Buildings contain a total of approximately 139,688 square feet of net leasable floor area across 154 Units. According to the survey, the Country Place Property contains 242 total parking spaces, comprised of 24 detached garaged parking stalls (distributed between six detached garage buildings), 157 carport spaces, and 61 standard uncovered spaces.

As of March 10, 2020, the Country Place Units were 90.9% occupied.

The Marley Park Property

The Marley Park Property consists of approximately 13.365 acres of land, upon which are situated 149 Marley Park Buildings comprised of 141 residential buildings, one leasing office building, one fitness center building, and six detached garage buildings.

The Marley Park Buildings contain a total of approximately 154,150 square feet of net leasable floor area across 173 Units. According to the survey, the Marley Park Property contains 348 total parking spaces, including eight handicap spaces.

As of March 5, 2020, the Marley Park Units were 83.2% occupied; however, the Marley Park Property continued to be in lease-up mode as of such date.

The Space Coast Property

The Space Coast Property consists of approximately 10.40 acres of land, upon which are situated 11 Space Coast Buildings comprised of nine residential buildings, one single-story clubhouse building, one single-story maintenance building/care car center and a leasing office.

The Space Coast Buildings contain a total of approximately 240,296 square feet of net leasable floor area across 272 Units. According to the survey, the Space Coast Property contains 445 total parking spaces, comprised of 284 surface parking spaces, 15 handicapped spaces, 106 garage parking spaces, and 55 offsite parking spaces.

As of March 13, 2020, the Space Coast Units were 88.6% occupied.

The Properties – Acquisition and Financing

The terms of the acquisitions, or the anticipated acquisitions, of the Properties by the respective Operating Trusts are summarized below.

Acquisition and Financing of the Country Place Property

The Country Place Trust acquired the Country Place Property from the Country Place Seller, on March 12, 2020 for a purchase price of $36,960,000. The Country Place Trust funded the purchase price of the Country Place Property, in part, with cash provided as a capital contribution from the Parent Trust, in its capacity as beneficiary of the Country Place Trust, and in part with the Country Place Loan.

Anticipated Acquisition and Financing of the Marley Park Property

The Marley Park Trust expects to acquire the Marley Park Property from the Marley Park Seller, on or about April 3, 2020 for a purchase price of $41,693,000. The Marley Park Trust will fund the purchase price of the Marley Park Property, in part, with cash provided as a capital contribution from the Parent Trust, in its capacity as beneficiary of the Marley Park Trust, and in part with the Marley Park Loan.

Anticipated Acquisition and Financing of the Space Coast Property

The Space Coast Depositor, in its role as depositor to the Space Coast Trust, expects to acquire 100% of the Space Coast Membership Interests in Centre Pointe Apartments Holdco, from the Space Coast Seller, on or about March 24, 2020 for a purchase price of $70,720,000. Concurrent with the acquisition of the Space Coast Membership Interests, Centre Pointe Apartments Holdco will merge with and into the Space Coast Trust, leaving the Space Coast Trust as the surviving entity. The Space Coast Trust expects to fund the purchase price of the Space Coast Property, in part, with cash, provided as a capital contribution from the Space Coast Depositor, and in part with the KeyBank Loan. The Space Coast Depositor will assign 100% of the interests in the Space Coast Trust to the Parent Trust concurrent with the closing of the KeyBank Loan.

Financing Terms

The actual and anticipated terms of the Loans are summarized in the table below, and described in more detail following the table.

The Country Place Loan is not, and the Marley Park Loan and the KeyBank Loan are not expected to be, cross-collateralized or cross-defaulted, meaning a default under one of the Loans will allow the applicable Lender to recover against only the Property securing the applicable Loan and will not trigger a default under any other Loan.

Loan	Lender	Principal Amount	Loan Term and Annual Interest Rate
Country Place Loan	NorthMarq Capital Finance L.L.C., under the Fannie Mae DUS loan program	$22,101,000	10 years *** 3.16%
Marley Park Loan (expected)	NorthMarq Capital Finance L.L.C., under the Fannie Mae DUS loan program	$22,931,000	10 years *** 2.88%

KeyBank Loan (expected)	KeyBank National Association, under the Fannie Mae DUS loan program	$38,896,000	10 years *** 3.15%

The NorthMarq Loans (Actual and Anticipated Terms)

The Country Place Trust obtained the Country Place Loan on March 12, 2020. The Country Place Loan is evidenced by a Multifamily Loan and Security Agreement (with addenda) (the "**Country Place Loan Agreement**"), a Multifamily Note (with addenda), and is secured by a first priority Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (collectively, with the Country Place Loan Agreement, the "**Country Place Loan Documents**"). The Country Place Loan Documents are available in the Digital Investor Kit.

On or about April 3, 2020, the Marley Park Trust expects to obtain the Marley Park Loan. The Marley Park Loan will be evidenced by a Multifamily Loan and Security Agreement (with addenda) (the "**Marley Park Loan Agreement**") and a Multifamily Note (with addenda) and will be secured by a first priority Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (collectively, with the Marley Park Loan Agreement, the "**Marley Park Loan Documents**"). A copy of the Loan Commitment, dated March 9, 2020, containing the anticipated terms of the Marley Park Loan (the "**Marley Park Loan Commitment**"), is available in the Digital Investor Kit.

The Country Place Loan Agreement and the Marley Park Loan Agreement are together referred to herein as the "**NorthMarq Loan Agreements**," and each may be referred to as a "**NorthMarq Loan Agreement**". The Country Place Loan Documents and the Marley Park Loan Documents are collectively referred to herein as the "**NorthMarq Loan Documents**," and each set may be referred to as a "**NorthMarq Loan Documents**".

The following summary as it relates to the NorthMarq Loans is based on the Country Place Loan Documents and the Marley Park Loan Commitment, which remains subject to change based on the final Marley Park Loan Documents. The Closing Supplement will disclose the final terms and conditions of the Marley Park Loan Documents and will be made available prior to the Investor's purchase of Interests.

The principal amount of the Country Place Loan is $22,101,000 and the principal amount of the Marley Park Loan is expected to be $22,931,000. The Country Place Loan has a term of 10 years, maturing on April 1, 2030, and bears interest at a fixed annual rate of 3.16%. The Marley Park Loan is expected to have a term of 10 years and to bear interest at a fixed annual rate of 2.88%.

For the first seven years of the Country Place Loan term, the Country Place Trust is required to make monthly, interest-only payments, calculated on the basis of a 360-day year. For the final three years of the Country Place Loan term, the Country Place Trust is required to make monthly payments of principal and interest, with principal amortizing on a 30-year schedule, in a fixed amount.

For the first seven years of the Marley Park Loan term, the Marley Park

Trust will be required to make monthly, interest-only payments, calculated on the basis of a 360-day year. For the final three years of the Marley Park Loan term, the Marley Park Trust is required to make monthly payments of principal and interest, with principal amortizing on a 30-year schedule, in a fixed amount.

Each NorthMarq Loan is, or will be, pre-payable, subject to a yield maintenance calculation (with a floor of 1.0% of the then principal balance of the applicable Loan) if the NorthMarq Loan is prepaid during the first 114 months of the term of the NorthMarq Loan. In addition, if prepayment is made after the expiration of such yield maintenance period but before the last calendar day from the sixth month through the fourth month prior to the loan matures, then the prepayment premium will be 1.0% of the amount of principal being prepaid. No prepayment premium will be required during the 90-day period directly prior to maturity of the NorthMarq Loan.

Each of the NorthMarq Loans is, or will be, secured by a deed of trust on the applicable Property. The NorthMarq Loans will be nonrecourse to the Investors. Accordingly, the Investors will have no personal liability in connection with the NorthMarq Loans. However, upon an uncured event of default under the NorthMarq Loans, NorthMarq will have the right to foreclose on the applicable Property. If this were to occur, Investors would likely lose part of their investment equivalent to the applicable Property and may lose their entire investment in the Parent Trust.

The KeyBank Loan (Anticipated Terms)

On or about March 24, 2020, the Space Coast Trust expects to obtain the KeyBank Loan. The KeyBank Loan will be evidenced by a Multifamily Loan and Security Agreement (with addenda) (the "**KeyBank Loan Agreement**") and a Multifamily Note (with addenda) and will be secured by a first priority Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (collectively, with the KeyBank Loan Agreement, the "**KeyBank Loan Documents**"). A copy of the Loan Commitment, dated January 28, 2020, containing the anticipated terms of the KeyBank Loan (the "**KeyBank Loan Commitment**"), is available in the Digital Investor Kit.

The following summary as it relates to the KeyBank Loan is based on the KeyBank Loan Commitment, and remains subject to change based on the final KeyBank Loan Documents. The Closing Supplement will disclose the final terms and conditions of the KeyBank Loan Documents and will be made available prior to the Investor's purchase of Interests.

The KeyBank Loan is expected to have a 10-year term and to bear interest at a fixed rate of 3.15% per annum.

For the first seven years of the KeyBank Loan term, the Space Coast Trust will be required to make monthly, interest-only payments, calculated on the basis of a 360-day year. For the final three years of the KeyBank Loan term, the Space Coast Trust will be required to make monthly payments of principal and interest, with principal amortizing on a 30-year schedule, in a fixed amount.

The KeyBank Loan is expected to be pre-payable, subject to a yield maintenance calculation (with a floor of 1.0% of the then principal balance of the KeyBank Loan) if the KeyBank Loan is prepaid during the first 84 months of the term of the KeyBank Loan. In addition, if prepayment is

made after the expiration of such yield maintenance period but before the last calendar day of the fourth month prior to the month in which the loan matures, then the prepayment premium will be 1.0% of the amount of principal being prepaid. No prepayment premium will be required during the 90-day period directly prior to maturity of the Loan.

The KeyBank Loan is expected to be secured by a mortgage on the Space Coast Property. The KeyBank Loan is expected to be nonrecourse to the Investors. Accordingly, the Investors are expected to have no personal liability in connection with the KeyBank Loan. However, upon an uncured event of default under the KeyBank Loan, KeyBank is expected to have the right to foreclose on the Space Coast Property. If this were to occur, Investors would likely lose part of their investment equivalent to the Space Coast Property and may lose their entire investment in the Parent Trust.

The NorthMarq Loan Documents and the KeyBank Loan Documents are collectively referred to herein as the "**Loan Documents**," which term may either be a generic reference to any or all of the Loan Documents or may refer to a particular set of Loan Documents, as the context requires.

See "*Financing Terms*" and "*Risk Factors – Risks Related to the Financing*" for additional details regarding the Loans.

Master Leases

The Country Place Trust entered into the Country Place Master Lease for the entire Country Place Property with the Country Place Master Tenant on March 12, 2020. Concurrent with acquiring the Marley Park Property and obtaining the Marley Park Loan, the Marley Park Trust will enter into the Marley Park Master Lease for the entire Marley Park Property with the Marley Park Master Tenant. Concurrent with acquiring the Space Coast Property and obtaining the KeyBank Loan, the Space Coast Trust will enter into the Space Coast Master Lease for the entire Space Coast Property with the Space Coast Master Tenant. Copies of the Master Leases (in draft form with respect to the Marley Park Master Lease and the Space Coast Master Lease) are available in the Digital Investor Kit. The Closing Supplement will disclose the entry by the Marley Park Trust into the Marley Park Master Lease, and the entry by the Space Coast Trust into the Space Coast Master Lease, and copies of the executed Master Leases will be available to each Investor prior to the sale of Interests.

The existing Leases for each Property were, or will be, assigned to the applicable Master Tenant concurrent with the applicable Operating Trust's entry into the applicable Master Lease.

The initial term of each Master Lease is, or will be, 123 months and will automatically extend until all monetary obligations under the applicable Loan Documents have been repaid or satisfied, unless terminated earlier in accordance with the terms of such Master Lease.

The Master Tenants are, or will be, responsible for all costs of operating, managing, and maintaining their respective Properties, and the Operating Trusts are, or will be, responsible for all Capital Expenditures (as defined herein). Pursuant to the Master Leases, each Operating Trust is, or will be, required to maintain a reserve account for its Property (the "**Country Place Reserve Account**," the "**Marley Park Reserve Account**," and the "**Space Coast Reserve Account**," respectively, and, collectively, the "**Trust Reserve Accounts**"). The amounts in each Property's Trust Reserve Account will be utilized for (1) repairs and replacements of the structure, foundation, roof, exterior walls, the parking lot and improvements to such

Property to meet the needs of the "**Property Tenants**" (as defined under the Master Leases to include any current and future subtenants, space tenants, occupants and business invitees or licensees of such Property); (2) leasing commissions; (3) certain Hazardous Substances Costs (as such term is defined in the Master Leases); (4) any repairs identified in the Assessments (as defined herein), or similar engineering reports, performed in connection with the acquisition of the Properties; (5) insurance deductibles; (6) construction of new signage and/or repair and replacement of existing signage to the extent such signage is of a type and nature that it is affixed to the Property and/or the land as a fixture; and (7) other improvements to the Properties that would be considered capital expenditures under IPC's capitalization policy (collectively, "**Capital Expenditures**"), all in accordance with the terms and conditions set forth in the respective Loan Documents. See "*Summary of the Leases – Master Leases*."

Rent under Master Leases

The rent that is payable under each Master Lease consists of, or will consist of: (1) an amount of base rent ("**Base Rent**"); (2) additional rent ("**Additional Rent**") equal to the amount by which annual Gross Income (as defined in the Master Leases) exceeds the additional rent breakpoint for that year ("**Additional Rent Breakpoint**"), as provided in each of the Master Leases up to a maximum annual amount, calculated on a calendar year basis; and (3) supplemental rent equal to 90% of the amount by which annual Gross Income exceeds the annual supplemental rent breakpoint ("**Supplemental Rent Breakpoint**"), as provided in each Master Lease ("**Supplemental Rent**" and, collectively with the Base Rent and the Additional Rent, collectively the "**Rent**"), calculated on a calendar year basis.

The Rent that is payable, or is expected to be payable, in 2020 is set forth in the table below:

Operating Trust	2020 Base Rent (annualized)	2020 Additional Rent Breakpoint (annualized)	2020 Additional Rent Maximum (annualized)	2020 Supplemental Rent Breakpoint (annualized)
Country Place Trust	$1,141,160	$2,354,000	$495,400	$2,849,400
Marley Park Trust	$1,142,403	$2,522,000	$668,400	$3,190,400
Space Coast Trust	$2,005,805	$4,236,000	$1,400,500	$5,636,500

The difference between the Base Rent and the Additional Rent Breakpoint for any Property for a given month, if any, after taking into account any expenses for such Property, will inure to the benefit of the applicable Master Tenant and, therefore, IPC as the sole member of each Master Tenant. The Parent Trust estimates that this will result in additional income to the Master Tenants, in the amounts set forth below, which amounts will not be available for distribution to the Parent Trust or the Investors.

Master Tenant	2020 Additional Income (estimates)
Country Place Master Tenant	$40,820 to $41,640
Marley Park Master Tenant	$39,323 to $40,266

Space Coast Master Tenant	$71,875 to $72,738

Each Master Tenant is required, or is expected to be required, to pay Base Rent to the applicable Lender, in accordance with the terms of the Loan Documents. The Additional Rent will be estimated and paid to the respective Operating Trust on a monthly basis with year-end reconciliation. Supplemental Rent, if any, will be payable in arrears within 90 days after the end of each calendar year. In addition, each Operating Trust will be responsible for (and Rent for the applicable Master Tenant will be reduced by) the amount by which the actual Uncontrollable Costs (with "**Uncontrollable Costs**" being comprised of real estate taxes and similar impositions, utility costs, and insurance costs) exceed the Projected Uncontrollable Costs (as defined in the Master Lease and shown on Exhibit D, Forecasted Statement of Cash Flows) for such Operating Trust's Property, and the applicable Master Tenant will be required to pay to such Operating Trust (as Additional Rent) the amount (if any) by which the Projected Uncontrollable Costs are greater than the actual Uncontrollable Costs for the applicable Property.

Master Tenant Capitalization

The Master Tenants are newly formed Delaware limited liability companies wholly owned by IPC. The Master Tenants are, or are expected to be, capitalized by IPC through individual demand notes (together, the "**Demand Notes**"), one to each Master Tenant, in the amounts set forth below.

Master Tenant	Amount of Demand Note
Country Place Master Tenant	$412,000
Marley Park Master Tenant	$398,000
Space Coast Master Tenant	$723,000

Copies of the Demand Notes (in draft form with respect to the Demand Notes for the Marley Park Master Tenant and the Space Coast Master Tenant) are available in the Digital Investor Kit. IPC's Demand Note obligations will be reduced by the amount of any net earnings of the applicable Master Tenant retained by IPC in such Master Tenant.

The Asset Management Agreements and Fees

Each Operating Trust has entered into, or will enter into, an Asset Management Agreement, as summarized in the table below and described in more detail following the table.

In its capacity as an asset manager, each Asset Manager is, or will be, responsible for managing its respective Operating Trust's day-to-day operations, including, but not limited to: reviewing all performance and financial information related to the applicable Property; conducting relations with, and supervising services performed by, lenders, consultants, accountants, brokers, third-party asset managers, attorneys, underwriters, appraisers, insurers, corporate fiduciaries, banks, builders and developers, sellers and buyers of assets, among others; providing loan payment services in connection with the applicable Loan; preparing financial reports for the applicable Lender; managing the applicable Reserve Accounts (as defined herein); providing bookkeeping and accounting services and maintaining the applicable Operating Trust's books and records; administering monthly cash distributions; communicating with investors, brokers, dealers, financial advisors and custodians; and undertaking and performing all services or other activities necessary and proper to carry out the applicable Operating Trust's investment objectives, including providing

secretarial, clerical and administrative assistance for the applicable Operating Trust.

Each Asset Management Agreement has, or will have, a 10-year term, and will thereafter automatically renew for successive one-year periods. Each Asset Management Agreement may be terminated by either party, prior to the termination date or the expiration of any renewal term, for a default under the Asset Management Agreement, subject to customary cure periods.

Each Operating Trust is, or will be, responsible for paying its Asset Manager the following fees:

- an annual asset management fee, as provided in the Asset Management Agreement, payable in monthly installments. The amounts of the asset management fees are as follows:

Asset Manager	Asset Management Fee
Country Place Asset Manager	$6,160 per month $73,920 on an annual basis
Marley Park Asset Manager	$6,949 per month $83,386 on an annual basis
Space Coast Asset Manager	$11,787 per month $141,440 on an annual basis

- if the Springing LLC (as defined herein) refinances the applicable Property in connection with a Transfer Distribution (as defined herein), the Asset Manager will receive from the Operating Trust a fee equal to 1.0% of the principal amount of the new loan, plus reimbursement of any out-of-pocket expenses incurred by the Asset Manager in connection with the refinancing, including but not limited to: expenses incurred in connection with third party reports; legal fees; application fees; and mortgage brokerage fees to both non-affiliate and affiliate mortgage brokers; and
- upon the sale of a Property, the respective Asset Manager, or an affiliate thereof, will be entitled to receive a disposition fee (the "**Disposition Fee**") in an amount up to 3.0% of the gross sales price of such Property. However, if the sale of the Property includes a commission payable to a third-party broker, the amount of the Disposition Fee will be reduced so that the sum of the Disposition Fee and any sales commission payable to a third-party broker in connection with the sale does not exceed 4.0% of the gross sales price of the respective Property. Further, the Asset Manager or its affiliate will not be entitled to any Disposition Fee in the event that the gross sales price of the respective Property, reduced by any amounts used or incurred by the Trust to pay off or cause the buyer to assume the debt on the Property, is less than the Maximum Offering Amount (allocable to such Property).

In addition to the fees payable to each Asset Manager, each Operating Trust will be responsible for reimbursing the Asset Manager for all expenses attributable to the Operating Trust and paid or incurred by the Asset Manager in providing services under the applicable Asset Management Agreement.

If an Operating Trust requests any additional services not specified in the applicable Asset Management Agreement, the Asset Manager may agree to provide the requested services upon terms that are mutually agreeable to the Operating Trust and the Asset Manager.

Each Asset Manager may decide, in its sole discretion, to be paid an amount less than the total amounts to which it is entitled under the applicable Asset Management Agreement, and any excess amount that is not paid may, in the Asset Manager's sole discretion, be waived permanently or, as applicable, deferred or accrued, without interest, to be paid at a later point in time.

The actual and anticipated compensation arrangements described above, and in more detail throughout this Memorandum, are not the result of arm's-length negotiations. Copies of the Asset Management Agreements (in draft form with respect to the Marley Park Asset Management Agreement, and the Space Coast Asset Management Agreement) are available in the Digital Investor Kit. See "*Management*," "*Risk Factors – Risks Related to the Master Leases and the Management of the Properties*" and "*Conflicts of Interest*" for additional discussion.

The Property Management Agreements and Fees

The Country Place Master Tenant has entered into the Country Place Property Management Agreement with the Property Manager to manage the Country Place Property.

Concurrent with entering into the Marley Park Master Lease, the Marley Park Trust will enter into the Marley Park Property Management Agreement with the Property Manager to manage the Marley Park Property.

Concurrent with entering into the Space Coast Master Lease, the Space Coast Trust will enter into the Space Coast Property Management Agreement with the Property Manager to manage the Space Coast Property.

Pursuant to each Property Management Agreement, the Property Manager is or will be responsible for managing, operating and maintaining the applicable Property, which includes, among other things: collecting all rents and assessments from the Property; paying all expenses of the Property from a custodial account established for the Property; preparing an annual budget; hiring and supervising employees, including, but not limited to managers, assistant managers, leasing consultants, engineers, janitors and maintenance supervisors; rendering reports for the Property; making or causing to be made all ordinary or emergency repairs and replacements necessary to preserve the Property; leasing the Property; creating a marketing program for the Property, upon request; exploring strategic alternatives for the Property; and overseeing construction management, upon request.

Each Property Management Agreement has or will have an initial term expiring December 31, 2020, and will automatically renew for successive one-year periods thereafter. Each Property Management Agreement may be terminated: (1) at any time upon the mutual consent of both parties; (2) by either party upon 60 days' notice prior to the expiration of the then-current term; (3) in the event the Property is sold to a third party; (4) by the Master Tenant if the Property Manager violates the Property Management Agreement and fails to cure after notice, as set forth in the Property Management Agreement, or the Property Manager experiences a bankruptcy event, as described in the Property Management Agreement; or (5) by the Property Manager in the event that the Operating Trust or Master Tenant has a "change of control," as defined in the Property Management Agreement.

Under each Property Management Agreement, the Property Manager is or will be entitled a monthly property management fee, in an amount equal to 3.0% of the gross income generated by the Property for the month in which the payment is made.

Additionally, the Property Manager is or will be entitled to be reimbursed for all expenses paid or incurred by the Property Manager under the applicable Property Management Agreement, including all expenses and the costs of salaries and benefits of persons employed by the Property Manager or its affiliates who perform services for the Property. However, the Master Tenants will not be obligated to reimburse the Property Manager for the salaries and benefits of persons who also serve as an executive officer of the Property Manager and, in the case of personnel who also provide services to other affiliates of the Sponsor, the Master Tenants only will be obligated to reimburse a pro rata portion of the salary and benefits of such persons based on the amount of time spent by such persons on matters for the applicable Properties. The Master Tenants will be responsible for reimbursing salaries and related salary expenses as described herein irrespective of whether the services performed by such persons could have been performed directly by independent, non-affiliated third parties.

If a Master Tenant requests any additional services not specified in the Property Management Agreement, the Property Manager may agree to provide the requested services upon mutually agreeable terms.

The Property Manager may decide, in its sole discretion, to be paid an amount less than the total amount to which it is entitled under each Property Management Agreement, and any excess amount that is not paid may, in the Property Manager's sole discretion, be waived permanently or, as applicable, deferred or accrued, without interest, to be paid at a later point in time.

The actual and anticipated compensation arrangements described above, and in more detail throughout this Memorandum, are not the result of arm's-length negotiations. Copies of the Property Management Agreements (in draft form with respect to the Marley Park Property Management Agreement, and the Space Coast Property Management Agreement) are available in the Digital Investor Kit. See "*Management*," "*Risk Factors – Risks Related to the Master Leases and the Management of the Properties*" and "*Conflicts of Interest*" for additional discussion.

Trust Reserve Accounts

Pursuant to the Master Leases, each Operating Trust is required to, or is expected to be required to, maintain a Trust Reserve Account for its Property to make funds available for Capital Expenditures and unanticipated costs in relation to such Property. Each Operating Trust has made, or is expected to make, an initial contribution to its respective Trust Reserve Account from the proceeds of its Loan. In addition, on behalf of each Operating Trust, each Master Tenant will be required to: (1) pay into its respective Lender Reserve Account (if any) the annual amounts required by the respective Lender (if any) as a portion of Base Rent; and (2) pay into its respective Trust Reserve Account an annual reserve contribution from Supplemental Rent, to the extent available. The actual and anticipated amounts of the contributions to the Trust Reserve Accounts are set forth below.

At the end of any calendar year, if the balance in a Trust Reserve Account

is less than the minimum amount specified in the applicable Master Lease (the "**Reserve Minimum Balance**"), as set forth below, the applicable Operating Trust will be required to make a contribution to the Trust Reserve Account so that it contains at least an amount equal to the Reserve Minimum Balance (and if such contribution is not made, the applicable Master Tenant may withhold Additional Rent and Supplemental Rent until such Trust Reserve Account contains at least an amount equal to the Reserve Minimum Balance). Each Operating Trust will have no obligation to fund its respective Trust Reserve Accounts at any time the account contains more than the maximum amount specified in the applicable Master Lease (the "**Reserve Maximum**"), as set forth below. If funds in a Trust Reserve Account exceed the Reserve Maximum, the applicable Operating Trust, in its sole discretion, may withdraw such excess funds. Any interest earned on the Trust Reserve Accounts will be retained as additional reserves. Any amounts remaining in the Trust Reserve Accounts upon the sale of the Properties will be distributed to the Investors based on their respective pro rata Interests.

Operating Trust	Initial Contribution (from Loan proceeds)	2020 Maximum Annual Contribution	Reserve Minimum Balance	Reserve Maximum Balance
Country Place Trust	$835,000	$231,000	$100,000	$750,000
Marley Park Trust	$886,750	$211,925	$100,000	$850,000
Space Coast Trust	$677,800	$210,800	$100,000	$1,000,000

Pursuant to each Master Lease, the dollar amounts of the annual reserve contribution, the Reserve Minimum Balance, and the Reserve Maximum may be reduced (but not increased) by the Master Tenant in its sole discretion.

Lender Reserve Accounts

The NorthMarq Loan Documents and The KeyBank Loan Documents provide, or are expected to provide, for the following reserve accounts: a "**Replacement Reserve Account,**" and a "**Repairs Escrow Account**" (collectively, the Replacement Reserve Account and the Repairs Escrow Account are referred to herein as the "**Lender Reserve Accounts**," and, together with the Trust Reserve Accounts, as the "**Reserve Accounts**"). The anticipated required contributions are summarized below.

Operating Trust	Replacement Reserve Account	Repairs Escrow Account
	Initial Contribution / Ongoing Contributions	
Country Place Trust	$73,920 / $0	$4,062.50 / $0
Marley Park Trust	$86,500 / $0	$0 / $0
Space Coast Trust	$108,800 / $0	$0 / $0

See "*Financing Terms*" for additional discussion.

The Trusts and the Trust Agreements

The Parent Trust and the Operating Trusts are governed by the Trust Agreements, which are available in the Digital Investor Kit. The Trust Agreements set forth the rights and duties of the Investors and Trustees with respect to the Properties. The Corporation Trust Company, a Delaware corporation, serves as the Delaware trustee of each Trust (the "**Delaware Trustee**"), and the following entities serve as the signatory trustees of the Trusts:

Trust	Signatory Trustee
Parent Trust	Sun Belt Multifamily Portfolio III Exchange, L.L.C., a Delaware limited liability company (together with the Delaware Trustee, the "**Parent Trustees**")
Country Place Trust	Country Place AZ Multifamily Exchange, L.L.C., a Delaware limited liability company (the "**Country Place Signatory Trustee**")
Marley Park Trust	Marley Park AZ Multifamily Exchange, L.L.C., a Delaware limited liability company (the "**Marley Park Signatory Trustee**")
Space Coast Trust	Space Coast Multifamily Exchange, L.L.C., a Delaware limited liability company (the "**Space Coast Signatory Trustee**")

The Country Place Signatory Trustee, the Marley Park Signatory Trustee, and the Space Coast Signatory Trustee are sometimes referred to collectively as the "**Operating Signatory Trustees**," and, individually, as an "**Operating Signatory Trustee**." The Operating Signatory Trustees, together with the Parent Signatory Trustee, are collectively referred to herein as the "**Signatory Trustees**," and each may be referred to as a "**Signatory Trustee**," which terms may either be a generic reference to any or all of the Signatory Trustees or may refer to a particular Signatory Trustee, as the context requires. The Signatory Trustees and the Delaware Trustee are collectively referred to herein as the "**Trustees**."

In connection with each Investor's purchase of Interests, the Investor will be required to enter into the Parent Trust Agreement. The Parent Trust will convey the respective Interests to each Investor by issuing each Investor an assignment of beneficial interest. However, pursuant to the Trust Agreements, which were designed to meet the parameters of Revenue Ruling 2004-86, 2004-33 I.R.B. 191, issued by the IRS, the Investors who own the Interests in the Parent Trust are not permitted to have any voting rights with respect to the operation and ownership of the Properties.

Under the Parent Trust Agreement, if: (1) the Trust Property (as defined in the Parent Trust Agreement) (or the property of any Operating Trust) is in jeopardy of being foreclosed upon due to a default on the Loan(s); (2) the Trust Property or any portion thereof (including the property of any Operating Trust) is subject to a casualty, condemnation or similar event, that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Trust Property (or the property of the Operating Trust, as applicable) to the same condition as previously existed; or (3) the Parent Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment in the Interests, and the Parent Signatory Trustee is prohibited from taking actions to cure or mitigate such events because such action would "vary the investment" of the Investors, the Parent Signatory Trustee may, to the extent that the circumstances described above apply to all of the Trust Property (i.e., all of the Properties owned by the Operating Trusts), terminate the Parent Trust by converting it into a limited liability company (a "**Springing LLC**"). If the Parent Trust is converted to a Springing LLC (such conversion referred to herein as a "**Transfer Distribution**"): (a) the Investors would become members of the Springing LLC that had formerly been the Parent Trust, owning an interest in the Springing LLC in proportion to their Interests in the Parent Trust; (b) the Springing LLC that had formerly been the Parent

Trust would in turn continue to be the sole member of each of the Springing LLCs that had formerly been the Operating Trusts, which Springing LLCs would in turn continue to own the Properties subject to the terms of the applicable Master Lease and Loan Documents; and (c) the Parent Signatory Trustee would become the manager of the Springing LLC. To the extent that the circumstances described above apply to less than all of the Trust Property (i.e., one of the Properties owned by the Operating Trusts), the Parent Trust would not terminate but rather, with respect to the Operating Trust to which such circumstances apply, the Parent Signatory Trustee would, in connection with the termination of such Operating Trust, distribute the interests in such Operating Trust to the Investors in partial liquidation of the Parent Trust.

The Operating Trust Agreements provide for similar triggering events for a Transfer Distribution. In the case of a conversion of an Operating Trust that does not also involve the conversion of the Parent Trust, such Operating Trust would convert into a Springing LLC and would then be distributed by the Parent Trust to the Investors, who would then own direct interests in the Springing LLC, such Springing LLC would continue to own its Property subject to the terms of its Master Lease and the respective Loan Documents, and the Signatory Trustee of such Operating Trust would become the manager of such Springing LLC.

As a result of any of the foregoing transactions, actions could be taken to conserve and protect the at-risk Properties that could not have been taken otherwise.

Investor Suitability

Investing in Interests involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity and who can afford to lose their entire investment. The Parent Trust will only accept a subscription from an "accredited investor," as defined in Regulation D under the Securities Act. The Parent Trust will not accept subscriptions from, or made on behalf of, tax-exempt entities, including, but not limited to, qualified employee pension and profit-sharing trusts, individual retirement accounts, SIMPLE 401(k) plans, annuities and charitable remainder trusts. See "*The Offering – Investor Suitability Requirements*" for more information.

Purchase of an Interest

To purchase an Interest, a prospective Investor must deliver to the Parent Trust an executed copy of a complete and accurate Investor Questionnaire and Purchase Agreement (the "**Investor Questionnaire & Purchase Agreement**"), a form of which is attached hereto as Exhibit A. A prospective Investor may be accepted or rejected by the Parent Trust at any time and for any reason after delivering the Investor Questionnaire & Purchase Agreement, but prior to the receipt of funds for purchase. If rejected, a prospective Investor's funds will be returned to the prospective Investor or his, her or its qualified intermediary.

Important Note to Prospective Investors: Investors may not acquire an Interest in the Parent Trust until: (1)) the Marley Park Trust acquires the Marley Park Property and obtains the Marley Park Loan; (2) the Space Coast Trust acquires the Space Coast Property and obtains the KeyBank Loan; (3) each of the Marley Park Trust and the Space Coast Trust enters into a Master Lease with its respective Master Tenant; and (4) each of the Marley Park Trust and the Space Coast Trust enters into an Asset Management Agreement with its respective Asset Manager; and (5) each of the Marley Park Master Tenant and

the Space Coast Master Tenant enters into a Property Management Agreement with the Property Manager. If the Parent Trust receives your Investor Questionnaire & Purchase Agreement prior to the Closing Date, it will hold such Investor Questionnaire & Purchase Agreement but will not accept payment for Interests until the Closing Date. See "*The Offering – How to Purchase the Interests*" for a more detailed discussion of the steps required to purchase Interests.

Because the Parent Trust will not accept payment for Interests until the Closing Date, the Parent Trust will allow Investors to withdraw Investor Questionnaire & Purchase Agreements submitted prior to the Closing Date. Specifically, prior to the end of the fifth business day after the Parent Trust issued the Closing Supplement, prospective Investors may revoke their offers to purchase Interests by providing written notice of revocation to the Parent Trust prior to such deadline. If a prospective Investor notifies the Parent Trust of his, her, or its desire to revoke the offer to purchase in a timely manner, the Parent Trust will promptly return the Investor Questionnaire & Purchase Agreement to the prospective Investor. The right to withdraw the Investor Questionnaire & Purchase Agreement terminates as of the revocation deadline described herein. See "*Summary of the Investor Questionnaire & Purchase Agreement – Termination of the Investor Questionnaire & Purchase Agreement.*"

Sale or Transfer of Interests

The Interests are being offered and sold pursuant to exemptions from the registration provisions of federal and state law. Accordingly, the Interests are subject to restrictions on transfer. The Parent Trust Agreement contains, and the Loan Documents contain or are expected to contain, additional restrictions on transfer. See "*Summary of the Trust Agreements – Restrictions on Transfer of Interests*" and "*Financing Terms*." If an Investor is able to sell his, her, or its Interest, the Investor and his, her, or its purchaser(s) will bear the costs, if any, of the sale or transfer.

Tax Considerations

In connection with the Offering, the Parent Trust has obtained from its tax counsel, Baker & McKenzie LLP ("**Special Tax Counsel**"), a legal opinion stating that:

- the Parent Trust and the Operating Trusts should be treated as investment trusts described in Treasury Regulations Section 301.7701-4(c) that are classified as "trusts" under Treasury Regulations Section 301.7701-4(a);
- the Investors, as beneficial owners in the Parent Trust (the "**Beneficial Owners**"), should be treated as "grantors" of the Parent Trust and, indirectly, the Operating Trusts;
- as "grantors," the Beneficial Owners should be treated as owning undivided fractional interests in the Properties for federal income tax purposes;
- the Interests should not be treated as securities for purposes of Section 1031;
- the Interests should not be treated as certificates of trust or beneficial interests for purposes of Section 1031;
- the Master Leases should be treated as true leases and not financings for federal income tax purposes;
- the Master Leases should be treated as true leases and not deemed partnerships for federal income tax purposes;
- the discussions of the federal income tax consequences contained in this Memorandum are correct in all material respects; and

- certain judicially created doctrines should not apply to change the foregoing conclusions.

A copy of the tax opinion is included as Exhibit C to this Memorandum.

The opinion of Special Tax Counsel was written to support the promotion or marketing of the Offering, and each Investor should seek advice, based on his, her, or its particular circumstances, from an independent tax advisor.

Each Beneficial Owner must report his, her, or its allocable share of taxable income or loss on his, her, or its own U.S. federal income tax return. For a more complete discussion of the tax consequences of ownership of Interests, see "*Federal Income Tax Consequences*."

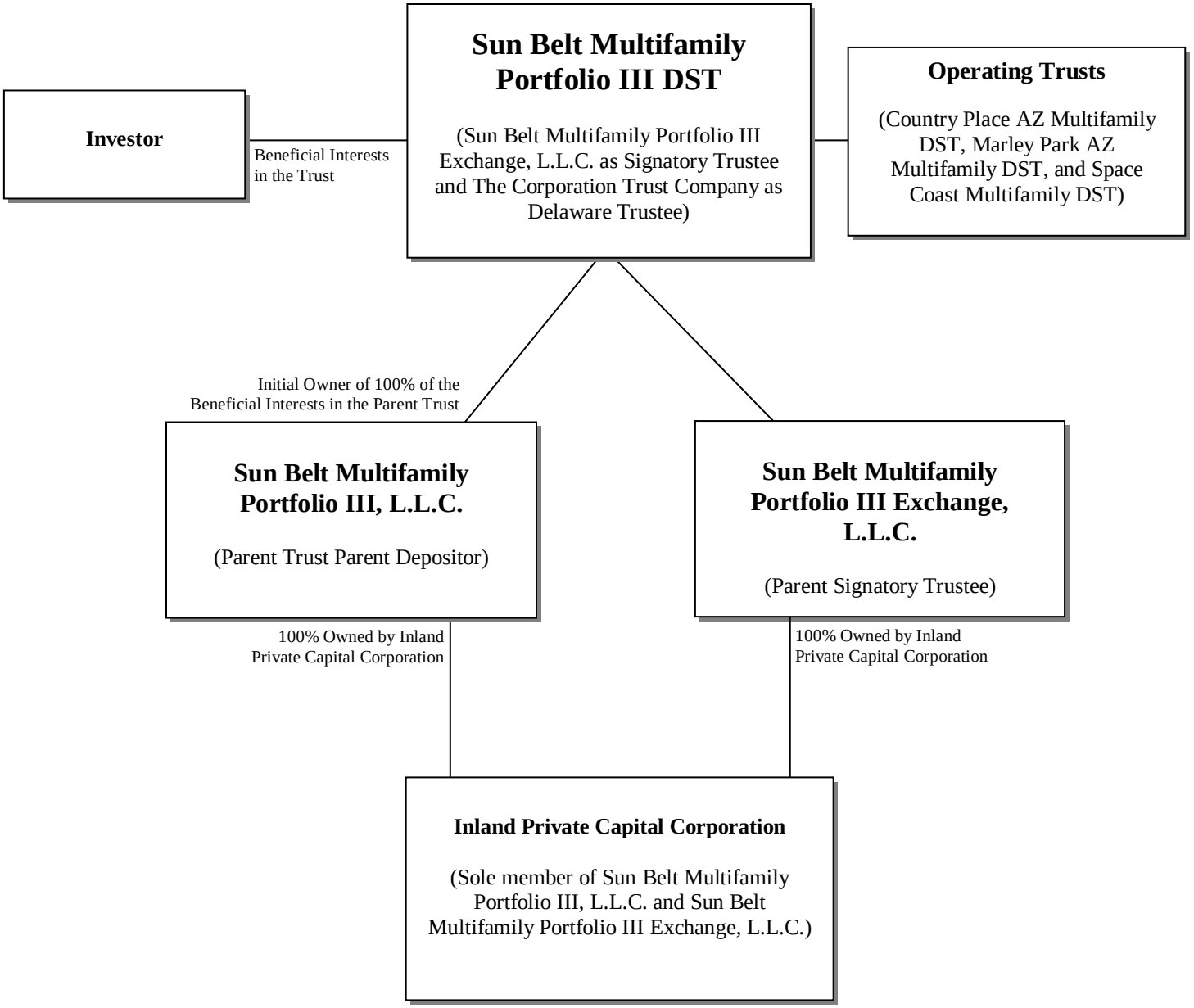
Each prospective Investor must consult with his, her, or its tax advisor concerning the identification requirements under Section 1031 and other requirements for successfully completing a qualifying Section 1031 Exchange.

THE PROSPECTIVE INVESTORS WILL ACQUIRE THEIR INTERESTS WITHOUT ANY REPRESENTATIONS OR WARRANTIES FROM THE PARENT TRUST, THE OPERATING TRUSTS, THE SPONSOR, THE ASSET MANAGERS OR ANY OF THEIR AFFILIATES OR REPRESENTATIVES, AGENTS OR COUNSEL REGARDING THE TAX IMPLICATIONS OF THE TRANSACTION. EACH INVESTOR MUST CONSULT HIS, HER, OR ITS OWN INDEPENDENT ATTORNEYS, ACCOUNTANTS, AND OTHER TAX ADVISORS REGARDING THE TAX IMPLICATIONS OF THE PROSPECTIVE INVESTOR'S PURCHASE OF AN INTEREST, INCLUDING WHETHER SUCH PURCHASE WILL QUALIFY AS PART OF A SECTION 1031 EXCHANGE, IF ONE IS CONTEMPLATED.

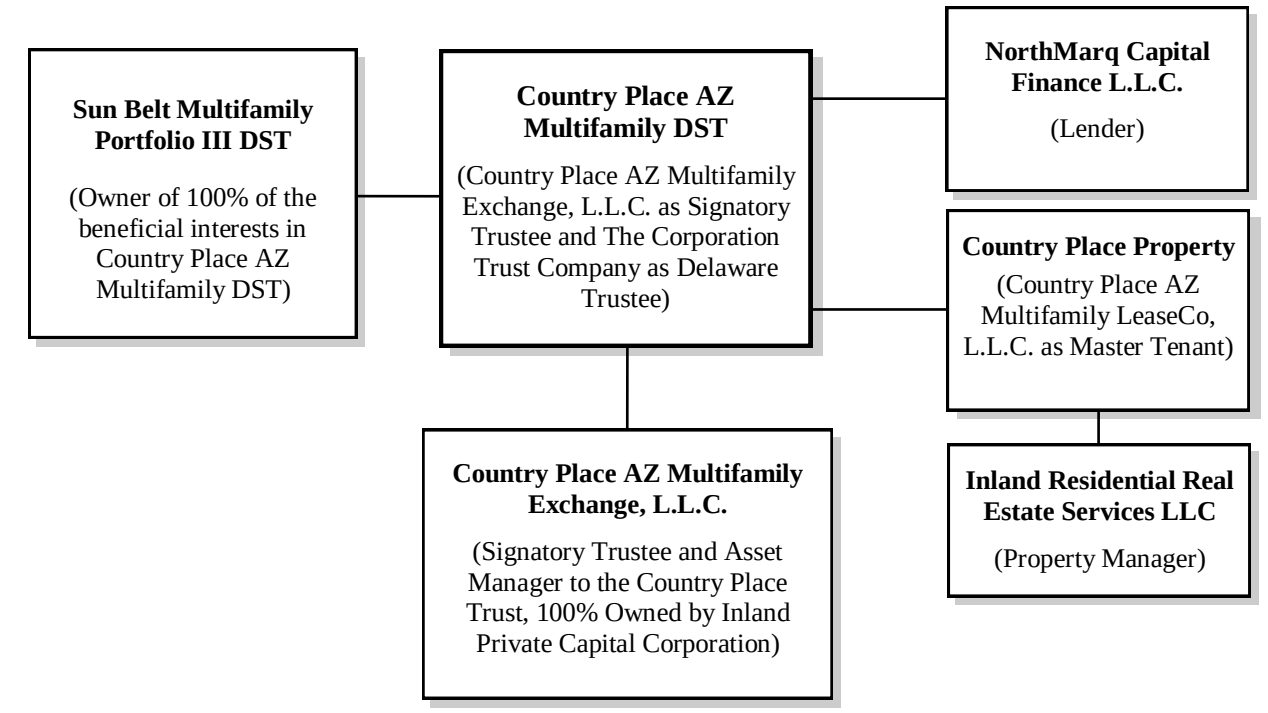
There are risks associated with the federal taxation of the purchase of an Interest, particularly where the purchase is intended to be part of a Section 1031 Exchange. Accordingly, all prospective Investors must consult their own independent legal, tax, accounting, and financial advisors and must represent that they have done so as an investment requirement. You should carefully read the sections of this Memorandum entitled "*Risk Factors – Tax Risks*" and "*Federal Income Tax Consequences*" and consult with your personal tax advisor before making an investment in the Interests.

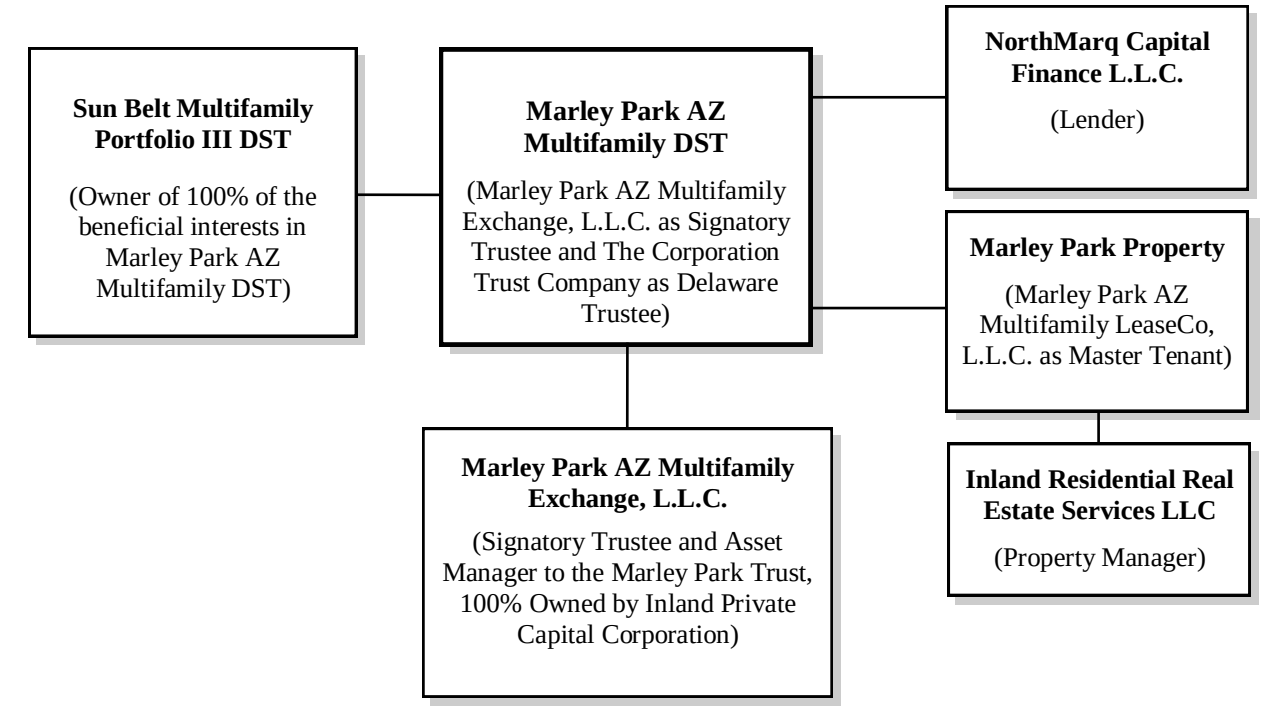
Diagrams summarizing the ongoing relationship among the Parent Trust, the Operating Trusts, the applicable Lenders, the Asset Managers, the Property Manager, the Master Tenants and other parties involved in the transactions discussed herein are set forth on the following pages.

The Parent Trust

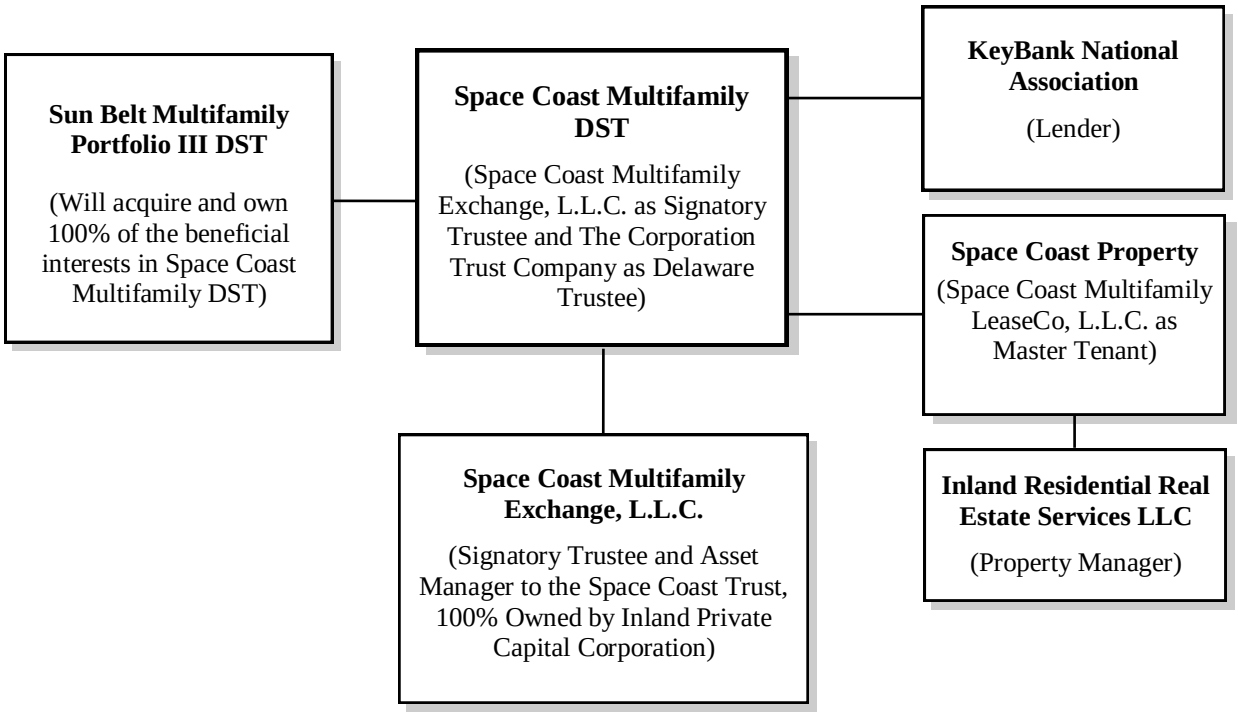


Offering Structure Summary





Offering Structure (Continued)



FREQUENTLY ASKED QUESTIONS

Who is Inland Private Capital Corporation?

In March 2001, Inland Private Capital Corporation was formed to provide replacement properties for investors wishing to complete a tax-deferred exchange under Section 1031, as well as investors seeking a quality, multiple-owner real estate investment. The programs sponsored by IPC offer securities to "accredited investors" on a private placement basis. As of December 31, 2019, IPC had sponsored 255 private placement programs, which have offered approximately $5.5 billion in equity to over 12,500 investors. IPC was the recipient of the 2006 and 2015 ACE (A Champion of Excellence) Awards given by the Alternative and Direct Investment Securities Association ("**ADISA**"), formerly known as the Real Estate Investment Securities Association, a trade association of the real estate securities industry. IPC is a founding member of ADISA.

IPC is a subsidiary of Inland Real Estate Investment Corporation ("**IREIC**"). IREIC is part of The Inland Real Estate Group of Companies, Inc., which is comprised of independent legal entities that are either subsidiaries of the same entity, affiliates of each other, share some common ownership or were previously sponsored and managed by subsidiaries of IREIC, some or all of which are sometimes referred to herein as "**Inland**."

What competitive advantages does IPC achieve through its relationship with Inland?

The Inland Real Estate Group of Companies, Inc., headquartered in Oak Brook, Illinois, is one of the nation's largest commercial real estate and finance groups, representing more than 50 years of expertise and integrity in the industry. As a business incubator, Inland specializes in creating, developing and supporting member companies that provide real estate-related investment funds, including limited partnerships, institutional funds and nonlisted and listed REITs, and real estate services for both third parties and Inland member companies. As of December 31, 2019, Inland had raised more than $25 billion from investment product sales to over 490,000 investors, many of whom have invested in more than one product. As of December 31, 2019, Inland entities owned properties in 44 states and managed assets with a value of approximately $10.6 billion. As of December 31, 2019, Inland was responsible for the asset management of 686 properties located in 44 states. These properties include 478 retail, office (including medical office) and industrial properties; 18,161 multi-family and student housing units; 455 senior living units; 1,300 hospitality rooms; 53,774 self-storage units; and 13 manufactured home and recreation vehicle communities.

As of December 31, 2019, Inland had sponsored 772 completed programs, including 764 private and public limited partnerships, limited liability companies and tax-focused investments, including Section 1031 exchange programs, and eight non-listed REITs. Inland completed 73 full-cycle programs in 2018 and 2019 alone, comprised of 27 Section 1031 exchange programs, 45 private and public limited partnerships and one non-listed REIT. Inland Real Estate Acquisitions, LLC ("**IREA**"), an affiliate of IREIC and IPC, has extensive experience in acquiring real estate for investment. Over the years, IREA has facilitated more than $46 billion of purchases including single-tenant properties, multifamily properties, medical office buildings and retail properties.

Inland was named a recipient of the 2009, 2014 and 2017 Torch Award for Marketplace Ethics by the Better Business Bureau serving Chicago and Northern Illinois, which award spotlights companies that exemplify ethical business practices, as selected by an independent panel of judges.

Inland's expertise in acquiring, financing, and managing quality properties is a key component to the value-added service that Inland offers. Because Inland is first and foremost a real estate company, it is in a position to capitalize on its expertise to cut operating costs through economies of scale to effectively manage properties. Investor communication is also a critical component of the services IPC provides. Communication methods include, but are not limited to, written correspondence, financial reports, scheduled conference calls, communications with investment representatives and one-on-one dialog with the Investors and their registered representatives.

What are the Master Tenants?

Each Master Tenant is a Delaware limited liability company that is wholly owned by IPC. Each Master Tenant is, or will be, capitalized through a Demand Note payable by IPC to the Master Tenants in the amounts set forth below:

Operating Trust	Amount of Demand Note
Country Place Master Tenant	$412,000
Marley Park Master Tenant	$398,000
Space Coast Master Tenant	$723,000

Copies of the Demand Notes (in draft form with respect to the Demand Notes for the Marley Park Master Tenant and the Space Coast Master Tenant) are available in the Digital Investor Kit. IPC's Demand Note obligations will be reduced by the amount of any net earnings of the applicable Master Tenant retained by IPC in such Master Tenant.

For each Property, the existing Leases have been, or will be, assigned to the applicable Master Tenant concurrent with the Operating Trust's entry into its Master Lease.

The purpose of the Master Leases is to permit the Master Tenants to operate the Properties on behalf of the Operating Trusts and to enable actions to be taken with respect to the Properties that the Parent Trust and the Operating Trusts would be unable to take due to tax law-related restrictions, including, but not limited to, a restriction against re-leasing the Properties. See "*Summary of the Leases – Master Leases*."

What exactly am I purchasing?

You are purchasing an Interest in the Parent Trust, which owns, or will own:

- 100% of the beneficial interests in the Country Place Trust, which owns the Country Place Property;
- 100% of the beneficial interests in the Marley Park Trust, which will own the Marley Park Property; and
- 100% of the beneficial interests in the Space Coast Trust, which will own the Space Coast Property.

For federal income tax purposes, an Interest should constitute an interest in replacement property and you will be treated as having assumed your pro rata share of the Operating Trusts' debt for purposes of calculating the amount of your replacement property for purposes of Section 1031.

Why are the Properties being held in Delaware statutory trusts?

The Delaware statutory trust, or "DST," structure, rather than a tenant-in-common structure, is being utilized for the ownership of the Properties based on the following:

- no accreditation fee required to be paid by Investors;
- more favorable loan terms for the Investors, including, but not limited to, simplified underwriting procedures;
- lower annual administrative costs for the Investors since no single member limited liability company is required to be formed;
- no personal liability for beneficiaries under the Loans with regard to the Properties; and
- lower transaction costs, since the Investors will not assume the Loans nor do they obtain direct title to the Properties.

There are certain risks related to the DST structure, including the risk that Investors have limited control over the Parent Trust. See "*Risk Factors – Risks Related to the Delaware Statutory Trust Structure*" for a discussion of the risks related to the DST structure.

Can one DST own an interest in three subsidiary DSTs, and how do I identify the Properties for my Section 1031 Exchange?

Yes, one DST can own an interest in three subsidiary DSTs. Because the Offering consists of three properties for purposes of Section 1031, each must be specifically identified for a Section 1031 Exchange. See "*Federal Income Tax Consequences*." You must contact your qualified intermediary and tax advisor for the appropriate identification procedure. In addition to the foregoing, present interpretations of Section 1031 allow the Trustees to sell a single property and distribute the proceeds to the Investors, who would then, in turn, be entitled to perform a tax-deferred Section 1031 Exchange with regard to such proceeds.

Have the Interests been registered with the SEC and States?

No. The Interests have not been, and will not be, registered under the Securities Act or any state securities laws. The Interests will be offered and sold pursuant to an exemption from the registration requirements of the Securities Act, in accordance with Rule 506(b) of Regulation D, and in compliance with any applicable state securities laws. In the event that the Parent Trust fails to comply with the requirements of this exemption or fails to comply with the state securities laws, an Investor may have the right, if he, she or it so desires, to rescind his, her or its purchase of the Interests.

Will any taxable income from the Properties be considered passive source income?

To the extent this investment generates taxable income or loss, such income or loss is expected to be passive income or loss. Generally speaking, an Investor's passive income, if any, from an investment in the Interests may be offset by the Investor's other passive losses, and an Investor's passive losses, if any, from an investment in the Interests may be used to offset the Investor's other passive income. However, the rules regarding the deductibility of passive losses (whether from an investment in an Interest, or from another passive activity that potentially could be used to offset income from an investment in an Interest) are complex and vary with the facts and circumstances particular to each Investor. In addition, the income may be subject to the 3.8% Net Investment Income Tax (the "**Medicare Contributions Tax**") imposed on rent and other types of investment income. Prospective Investors should consult with their own legal, tax, accounting and financial advisors regarding these and other tax issues relating to an investment in the Interests.

How long is the closing process for my purchase of an Interest?

At the outset of the Offering, Investors may not acquire an Interest in the Parent Trust until: (1) the Marley Park Trust acquires the Marley Park Property and obtains the Marley Park Loan; (2) the Space Coast Trust acquires the Space Coast Property and obtains the KeyBank Loan; (3) each of the Marley Park Trust and the Space Coast Trust enters into a Master Lease with its respective Master Tenant; and (4) each of the Marley Park Trust and the Space Coast Trust enters into an Asset Management Agreement with its respective Asset Manager; and (5) each of the Marley Park Master Tenant and the Space Coast Master Tenant enters into a Property Management Agreement with the Property Manager. If the Parent Trust receives your Investor Questionnaire & Purchase Agreement prior to the Closing Date, it will hold such Investor Questionnaire & Purchase Agreement but will not accept payment for Interests until the Closing Date. See "*The Offering – How to Purchase the Interests*" for a more detailed discussion of the steps required to purchase Interests.

After the Closing Date, it is anticipated, but not assured, that your purchase of an Interest will be closed within 15 to 30 days after the Parent Trust receives your completed Investor Questionnaire & Purchase Agreement. Accordingly, if you are acquiring an Interest as replacement property in a Section 1031 Exchange, you must have sufficient time remaining in your 180-day period for acquiring your replacement property to accommodate this 15- to 30-day period necessary for the closing to occur.

Will there be debt on the Properties?

Yes. Many Investors' Relinquished Properties are encumbered by debt, and, therefore, for federal income tax purposes, to prevent an Investor from having to use more cash to acquire a replacement property than is available from the sale of his, her, or its Relinquished Property, there must be equal or greater debt on the replacement property. In addition, the placement of debt may enhance the returns to the Investors.

The total amount of debt secured by the Properties is expected to be $83,928,000, comprised of the following Loans:

- The Country Place Property is subject to the Country Place Loan, which has an original principal amount of $22,101,000, and which is secured by a mortgage on the Country Place Property.
- The Marley Park Property is expected to be subject to the Marley Park Loan, in an original principal amount of $22,931,000, and which is expected to be secured by a mortgage on the Marley Park Property.
- The Space Coast Property is expected to be subject to the KeyBank Loan, in an original principal amount of $38,896,000, and which is expected to be secured by a mortgage on the Space Coast Property.

In connection with the acquisition of an Interest, each Investor will be treated, for tax purposes, as the borrower of his, her, or its pro rata share of the Loans, expected to be equal to $103,748.50 per $100,000 Interest. See "*Financing Terms*" and "*Risk Factors – Risks Related to the Financing*" for additional discussion regarding the Loans.

Will the Lenders have to approve me as an Investor?

Generally, other than searches required under the USA PATRIOT Act, the International Emergency Economic Powers Act, The Trading with the Enemy Act, and the Office of Foreign Assets Control ("**OFAC**") and other inquiries as set forth in the Investor Questionnaire & Purchase Agreement attached hereto as Exhibit A, the Lenders do not require, or are not expected to require, any underwriting with regard to prospective Investors. However, in the event that any purchase would result in the prospective Investor owning 25% or more of a direct or indirect beneficial interest in any of the Operating Trusts, the respective Operating Trust will be required to provide advance written notice to the Lender of such transfer and provide the Lender with information as necessary to allow such Lender to determine that the transferee is not a "Prohibited Person." See "*Financing Terms*."

Am I responsible for any out-of-pocket costs associated with the purchase of the Interests?

Yes. Each prospective Investor is responsible for all costs associated with his, her, or its independent accountant, tax advisor, financial advisor, and attorney. Please note that these costs may not be funded from the Section 1031 Exchange escrow held by your qualified intermediary, if applicable.

How does a prospective Investor find a qualified intermediary?

If a prospective Investor does not currently have a qualified intermediary, upon request, IPC can provide a list of qualified intermediaries familiar with this type of sophisticated transaction.

Can an Investor keep some of the proceeds from the sale of the Relinquished Property or do all of the proceeds have to be reinvested?

If you choose to keep some of the proceeds, you will generally be taxed on what you keep. The cash retained is known as "boot" in a Section 1031 Exchange. The Parent Trust cannot advise you on the particular tax treatment to which you will be subject. You should consult with your own tax professional regarding the proper tax treatment of any such amounts.

Can retirement or other tax-exempt funds invest in the Parent Trust?

The Parent Trust will not accept subscriptions from, or made on behalf of, tax-exempt entities, including, but not limited to, qualified employee pension and profit sharing trusts, individual retirement accounts, SIMPLE 401(k) plans, annuities and charitable remainder trusts.

What should I do if I want to sell my Interest in the Parent Trust before the Properties are sold?

The Interests are being offered and sold pursuant to exemptions from the registration provisions of federal and state law. Accordingly, the Interests are subject to restrictions on transfer. Each Investor will be required to represent that he, she or it is acquiring the Interests for investment and not with a view to distribution or resale, that

such Investor must bear the economic risk of investment in the Interest for an indefinite period of time, and that the Interests have not been registered under the Securities Act or certain applicable state "blue sky" or securities laws, are not freely transferable, and cannot be sold unless they are subsequently registered (which is not expected) or an exemption from such registration is available and unless the Investor complies with the other applicable provisions of the Parent Trust Agreement and the Loan Documents. If an Investor is able to sell his, her or its Interest in accordance with the Parent Trust Agreement, the Loan Documents and applicable securities laws, the Investor and/or his, her or its purchaser(s) will bear the costs, if any, of the sale or transfer. See "*Risk Factors – Risks Related to the Offering – There is no public market for the Interests*" and "*Financing Terms*" for additional discussion related to the restrictions on transfer.

How often will distributions be made to the Investor?

The Parent Signatory Trustee intends to make monthly distributions, payable on or about the 15th day of the following month. Actual distributions may vary from those projected in Exhibit D, the Forecasted Statement of Cash Flows. See "*Risk Factors*" below for a discussion of factors that may cause actual results to differ from forecasts and expectations contained in this Memorandum.

Will I be receiving any updates regarding the performance of the Properties, and if so, how often?

Yes, the Asset Managers intend to provide all Investors with an "**Investor Report**", which includes a financial update as well as updates regarding the performance of the Properties, on a quarterly basis. However, the Asset Managers will not begin providing these Investor Reports until the later to occur of (1) the last Investor closing on his or her investment in the Parent Trust and (2) the Parent Trust completing its first full year of operations.

What kind of audit will be performed on the operations of the Properties?

In an effort to increase operational transparency and financial reporting to Investors, the Parent Trust has retained an independent Certified Public Accountant (the "**Auditor**") to perform an annual "cash basis audit" of the Properties' income and expense statements. The "cash basis audit" will include, but not be limited to, review of the procedures related to rent collection and paid expenses. Further, the cash basis audit will trace rent receipts to bank accounts and verify accounts to bank statements, including the Reserve Accounts. Upon completion of the cash basis audit, the Auditor will provide a report to the Parent Trust, which report will be available to Investors upon request.

What kind of tax and financial reporting do I receive at the end of the year? When can I expect it?

The Asset Managers will provide a statement of each Investor's income and expenses to be utilized in completing IRS Schedule E or other pertinent tax documents.

Will I be subject to state income tax in the states in which the Properties are located?

Although some states have income thresholds that must be exceeded to be subject to income tax, each state has its own filing requirements and tax code. You should consult with your own tax professional regarding individual state filings.

Is there an additional form that must be returned to the IRS when I transfer business property in a Section 1031 Exchange?

Yes. The IRS requires that you file Form 8824 with your annual tax filings for the year that you transfer the property. State and local governmental entities may also require additional filings. You should consult with your own tax professional regarding such filings.

Do I need to be an "accredited investor" to invest?

Yes. The Parent Trust will only accept a subscription from an "accredited investor," as defined in Regulation D under the Securities Act. Generally, a natural person who satisfies one of the following will qualify as an accredited investor: (1) an individual net worth, or joint net worth with his or her spouse, of more than

$1,000,000, subject to certain criteria for calculating net worth; or (2) an individual income in excess of $200,000, or joint income with his or her spouse in excess of $300,000, in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year. See "*The Offering – Investor Suitability Requirements*" for additional discussion regarding the definition of "accredited investor."

How do I purchase the Interests?

Each Investor must complete and send to his, her or its investment representative the Investor Questionnaire & Purchase Agreement, including the name, phone number and address of his, her or its qualified intermediary (if applicable). The investment representative must then send this to his, her or its broker/dealer (or registered investment advisor) for review, and the broker/dealer (or registered investment advisor) must forward the paperwork to:

Inland Private Capital Corporation
Attention: Investments
2901 Butterfield Road
Oak Brook, IL 60523

Or via e-mail to investments@inlandprivatecapital.com.

Upon receipt of acceptable documentation, the Parent Trust will coordinate with the qualified intermediary (if applicable) to receive the funds and issue the assignment of the Interests in the Parent Trust to the Investor. Coordination with the qualified intermediary also includes providing a closing statement for the purchase and may include completing any other required documentation. See "*The Offering – How to Purchase the Interests*" for a more detailed discussion on the steps you must take to purchase Interests.

Should I engage an attorney to close my purchase of the Interests?

You are strongly encouraged to engage independent legal counsel in connection with the purchase of the Interests, including reviewing the documents related to the acquisition of the Interests.

RISK FACTORS

The Interests are speculative and involve a high degree of risk. A prospective Investor should be able to bear a complete loss of his, her, or its investment. Prospective Investors should carefully read this Memorandum before purchasing an Interest.

A PROSPECTIVE INVESTOR SHOULD CONSIDER CAREFULLY, AMONG OTHER RISKS, THE FOLLOWING RISKS, AND SHOULD HAVE HIS, HER OR ITS OWN INDEPENDENT LEGAL, TAX, ACCOUNTING AND FINANCIAL ADVISORS CLOSELY REVIEW THIS MEMORANDUM AND ALL DOCUMENTS REFERENCED HEREIN AND ATTACHED HERETO BEFORE INVESTING IN THE INTERESTS. THESE RISK FACTORS, OR OTHER EVENTS, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN THIS MEMORANDUM. FURTHERMORE, THESE RISK FACTORS RELATE TO A SOPHISTICATED TRANSACTION AND ALTHOUGH THE PARENT TRUST HAS ENDEAVORED TO ANALYZE THIS TRANSACTION AND THE RISKS ATTENDANT TO THIS TRANSACTION TO THE BEST OF ITS ABILITY, THE FOLLOWING RISKS MAY NOT ENCOMPASS EVERY POSSIBLE RISK WITH REGARD TO THIS TRANSACTION. ONLY AFTER A PROSPECTIVE INVESTOR AND HIS, HER OR ITS INDEPENDENT ADVISORS HAVE ANALYZED THE UNDERLYING DOCUMENTS CAN HE, SHE OR IT FULLY UNDERSTAND THE TRANSACTION.

Risks Related to the Delaware Statutory Trust Structure

Investors will have limited control over the management of the Parent Trust and the Operating Trusts.

The Trustees (and in particular the Signatory Trustees) are solely responsible for the operation and management of their respective Trusts. The Investors will have no right to participate in the management of the Parent Trust or the Operating Trusts or in the decisions made by the Trustees. The Trustees and the Asset Managers will not consult with the Investors when making decisions with respect to the Parent Trust or the Operating Trusts and the Properties. The Parent Signatory Trustee is under no obligation to make its decision with respect to any prospective sale in accordance with the wishes of Investors.

The Trustees will have limited duties to Investors, and may take actions that are not in the best interests of the Investors.

The Trustees do not owe any duties to the Investors other than those provided for in the Trust Agreements. Specifically, the Trustees do not have a fiduciary duty to any Investors as may be applicable to a limited liability company or partnership and, therefore, may take actions that would not be in the best interests of one or more of the Investors. The Parent Trust Agreement provides that the Parent Trustees are individually answerable for their actions to the Investors only if, among other things, the Trustees engage in willful misconduct or gross negligence or any "prohibited action" under the Parent Trust Agreement, or they fail to use ordinary care in disbursing monies to Investors pursuant to the terms of the Parent Trust Agreement.

The Trustees have limited authority, and the Parent Trust and the Operating Trusts may face increased termination risk.

To comply with the tax law regarding exchanges under Section 1031, the Parent Trust structure prevents the Parent Trustees from engaging in numerous actions, including: (1) disposing of the Properties and acquiring new real estate or reinvesting any monies of the Parent Trust, except as permitted under the Parent Trust Agreement; (2) renegotiating the terms of a Loan or taking advantage of favorable market conditions, by entering into new financing, or entering into new leases except in the event of a tenant's bankruptcy or insolvency; (3) making other than minor non-structural modifications to the Properties other than as required by law; (4) after the formation and capitalization of the Parent Trust, accepting any additional capital contributions from any Investor, or any contributions from any prospective new investor; and (5) taking any other action that would in the opinion of tax counsel cause the Parent Trust to be treated as a "business entity" for federal income tax purposes. The Operating Trust Agreements contain similar restrictions.

Accordingly, in order to be able to take the actions necessary to avoid defaults under the Loans and loss of the Properties, one or more of the Parent Trust and the Operating Trusts may be converted into Springing LLCs, in which case such converted entity will be governed by the terms of the Springing LLC Operating Agreement attached

to the applicable Trust Agreement (a "**Springing LLC Operating Agreement**"). The Properties will remain subject to the Loan Documents and Master Leases after such a Transfer Distribution (unless otherwise terminated or renegotiated). The ownership interest of each Investor in a Springing LLC that results from the conversion of the Parent Trust will be proportional to such Investor's Interest in the Parent Trust; the ownership interest of each Investor in a Springing LLC that results from the conversion of an Operating Trust will be proportional to the Investor's indirect interest in such Operating Trust through its Interest in the Parent Trust, in each case subject to the impact of additional capital requirements of the Springing LLC. As a result of such Transfer Distribution, the Investors will at such time no longer be considered to own, for federal income tax purposes, a direct ownership interest in the Properties. Because the Springing LLC (from the Parent Trust) will be treated as a partnership for tax purposes, it may not be possible for the individual Investors to do a tax-free exchange when the Properties are ultimately sold. Similar complications for the Investors may occur following a Transfer Distribution of any or all of the Operating Trusts.

Investors will not have legal title to the Properties.

Investors will not have legal title to any of the Properties. The Investors will not have the right to seek an in-kind distribution of the Properties or divide or partition the Properties. The Investors will not have the right to sell the Properties.

The Trustees will receive compensation, regardless of whether Investors have received distributions.

The Trustees are entitled to receive significant fees and other compensation and payments regardless of whether the Parent Trust or Operating Trusts are profitable. These fees will be paid prior to any distributions to the Investors.

Risks Related to the Properties

There are inherent risks with real estate investments.

The investments by the Investors in the Parent Trust will be subject to the risks generally incident to the ownership of real property. Real property investments are subject to varying degrees of risk and are relatively illiquid. Several factors may adversely affect the economic performance and value of the Properties. These factors include:

- changes in the national, regional and local economic climate;
- local conditions such as an oversupply of similar residential properties or a reduction in demand for the Properties;
- the attractiveness of the Properties to potential Residents;
- the ability to collect rent from the Residents;
- changes in availability and costs of financing, which may affect the sale of the Properties;
- eminent domain or condemnation actions against the Properties;
- covenants, conditions, restrictions and easements relating to the Properties;
- governmental regulations, including financing, environmental usage and tax laws, regulations and insurance;
- the ability of the Master Tenants to pay for adequate maintenance, insurance and other operating costs, including real estate taxes, which could increase over time;
- the impact of an epidemic in the areas in which the Properties are located or a pandemic, which could severely disrupt the global economy; and
- acts of nature, such as hurricanes, earthquakes, tornadoes and floods that may damage the Properties and acts of nature such as a draught that could affect the value of real estate in the affected area including the Properties.

Any negative change in the factors listed above could adversely affect the financial condition and operating results of the Properties and, in turn, the Parent Trust. The profitability of an investment in the Parent Trust will depend on factors such as these.

Volatile financial markets may adversely affect the Parent Trust's income.

U.S. and international financial markets have been volatile, particularly over the last 12 years. The effects of this volatility may persist particularly as financial institutions respond to new, or enhanced, regulatory requirements and other national and international events affecting financial markets, all of which could impact the availability of credit and overall economic activity as a whole. Further, the fluctuation in market conditions makes judging the future performance of real estate assets difficult.

Global financial, economic and social conditions could deteriorate.

The performance of the Properties could be materially affected by conditions in the global financial markets and economic conditions generally. The recent outbreak of a novel coronavirus, which causes the disease now known as COVID-19, was first identified in December 2019 in Wuhan, China, and has since spread globally. Government efforts to contain the spread of the coronavirus through lockdowns of cities, business closures, restrictions on travel and emergency quarantines, among others, and responses by businesses and individuals to reduce the risk of exposure to infection, including social distancing in the form of reduced travel, cancellation of meetings and public and private events, and implementation of work-at-home policies, among others, have caused significant disruptions to the global economy and normal business operations across a growing list of sectors and countries, including in the United States. The foregoing have, and are likely to continue to, adversely affect business confidence and consumer sentiments, and have been, and may continue to be, accompanied by significant volatility and declines in financial markets and asset values. The spread of the coronavirus, and the continued efforts to contain its spread and reduce the risk of exposure, also may have broader macro-economic implications, including reduced levels of economic growth and possibly a global recession, the effects of which could be felt well beyond the time the pandemic is contained, and which could adversely affect the financial condition and operating results of the Properties and, in turn, the Trusts.

The financial performance of Properties will depend upon the Residents under the Leases.

The financial performance of the Properties, and in turn the ability of the Master Tenants to meet their obligations under the Master Leases, will depend on the performance of the Residents and their payment of rent under their respective Residential Leases. If a large number of Residents becomes unable to make rental payments when due, decide not to renew their respective Leases, or decide to terminate their respective Leases, this could result in a significant reduction in rental revenues, which could require the Parent Trust, Operating Trusts or the Springing LLC(s) to contribute additional capital or obtain alternative financing to meet obligations under the Loans. In addition, the costs and time involved in enforcing rights under a Lease, including eviction and re-leasing costs, may be substantial and could be greater than the value of such Lease. There can be no assurance that the Master Tenants, the Asset Managers, or the Springing LLC(s) will be able to successfully pursue and collect from defaulting tenants or re-let the premises to new tenants without incurring substantial costs, if at all.

The ability of the Master Tenants, the Asset Managers or the Springing LLC(s) to retain current tenants, and the ability of the Master Tenants, the Asset Managers or the Springing LLC(s) to attract new Residents, if necessary, and for the Master Tenants, the Asset Managers or the Springing LLC(s) to increase rental rates as necessary, will depend on factors both within and beyond the control of the Master Tenants, the Asset Managers, and the Springing LLC(s). These factors include changing demographic trends and traffic patterns, the availability and rental rates of competing residential space, general and local economic conditions, and the financial viability of the Residents. The loss of a Resident and the inability to maintain favorable rental rates with respect to any or all of the Properties would adversely affect the viability of the Parent Trust and the value of the Properties. Although insurance will be obtained with respect to the Properties to cover casualty losses and general liability and business interruption, no other insurance will be available to cover losses from ongoing operations. See "*Financing Terms*." The occurrence of a casualty resulting in damage to a Property could decrease or interrupt the payment of rent. In the event of an adverse effect on the income of the Parent Trust, the Operating Trusts and the Parent Trust are not permitted to obtain additional funds through additional borrowings or additional capital, and could be required to implement one or more Transfer Distributions. If, after a Transfer Distribution, additional funds are not available from any source, the Springing LLC(s) would be forced to dispose of all or a portion of the Properties on terms that

may not be favorable to the Investors. A Transfer Distribution may have adverse tax consequences for the Investors. See "*Federal Income Tax Consequences*."

Increased competition and increased affordability of residential homes could limit the Master Tenants' ability to retain the Residents, lease the Units or increase or maintain rents.

The apartment sector is highly competitive. The Parent Trust expects to face competition from many sources, including both in the immediate vicinities and in the geographic markets where the Properties are located. These competitors may have greater experience and financial resources than the Parent Trust and the Master Tenants, giving them an advantage in attracting tenants to their properties. For example, competitors may be willing to offer Units at rental rates below the rental rates at the Properties, causing a Master Tenant to lose existing or potential Residents and pressuring a Master Tenant to reduce rental rates to retain existing Residents or convince new residents to lease space at a Property.

Further, each Property may compete with numerous housing alternatives in attracting tenants, including owner occupied single- and multifamily homes available to rent or purchase. Competitive housing and the increasing affordability of owner occupied single and multifamily homes available to rent or buy caused by historically low mortgage interest rates and government programs to promote home ownership could adversely affect a Master Tenant's ability to retain the Residents, lease the Units or increase or maintain rents. In the event that a Master Tenant is unable to pay Rent or satisfy its obligations under its Master Lease, the Parent Trust may experience loss of income.

The Properties may experience greater levels of vacancies than projected in this Memorandum.

As of March 10, 2020, the Country Place Units were 90.9% sub-leased to the Country Place Residents, as of March 5, 2020, the Marley Park Units were 83.2% sub-leased to the Marley Park Residents and as of March 13, 2020, the Space Coast Units were 88.6% sub-leased to the Space Coast Residents. The vacancy rates at the Properties may be higher than projected for purposes of Exhibit D, the Forecasted Statement of Cash Flows. In the event that the Master Tenants are unable to retain the applicable Residents or lease the applicable Units due to increased competition, and therefore are unable to pay Rent or satisfy their obligations under the respective Master Leases, the Operating Trusts, and the Parent Trust, may experience loss of income and the rate of return to Investors may be lower than that projected.

The operation of the Properties will depend, in part, on the availability of public utilities and services, especially for water and electric power. Any reduction, interruption or cancellation of these services may adversely affect the Trusts and the Master Tenants.

Public utilities, especially those that provide water and electric power, are fundamental for the sound operation of the Properties. The delayed delivery or any material reduction or prolonged interruption of these services could allow the Residents to terminate their leases or result in an increase in the Master Tenants' costs, as it may be forced to use backup generators.

An increase in real estate taxes may affect the operating results of the Properties and the Trusts.

The projected income from the Properties is based on certain assumptions, including an increase in real estate taxes. However, from time to time the real estate taxes may increase further as property values or assessment rates change or for other reasons deemed relevant by the assessors. Real estate taxes may increase even if the value of a Property declines. An increase in the assessed valuation of a Property for real estate tax purposes will result in an increase in the related real estate taxes on such Property. In the event that the actual Uncontrollable Costs (which include real estate taxes and similar impositions, utility costs, and insurance costs) for any calendar year for a Property exceed the Projected Uncontrollable Costs for such year for such Property, then the Master Tenant will be responsible for payment of such excess amount, but will be entitled to reimbursement of such excess amount by offsetting such amount against Additional Rent and, if necessary, Supplemental Rent, which could adversely affect the financial condition and operating results of the Parent Trust. See "*Summary of the Leases – Master Leases – Rent*."

The purchase price of the Interests includes fees and other charges.

The Sponsor increased the aggregate purchase price of the Interests above the aggregate acquisition cost with respect to the Properties to cover selling commissions, loan fees, transfer taxes, legal and accounting expenses and other costs associated with the acquisition and the Offering. See "*Estimated Use of Proceeds*." These additional costs will cause the cost of your investment in an Interest to exceed the *pro rata* share of the market value of the Properties. In order to make a profit on a sale of the Properties or any Interest, the Investors will need to receive sufficient proceeds to recover the added acquisition costs included in the original purchase price, as well as: (1) the costs associated with their own attorneys and tax advisors; and (2) any costs related to the disposition of the Properties or Interest.

The Trust Reserve Accounts may not be sufficient to cover the Properties' costs and the Master Tenants may not be able to cover any excess costs.

Pursuant to the Master Leases, each Operating Trust is required, or will be required, to maintain a Trust Reserve Account for its Property to make funds available for Capital Expenditures and unanticipated costs in relation to such Property. Each Operating Trust has made, or will make, an initial contribution to the Trust Reserve Account from the proceeds of its Loan, and each Master Tenant, on behalf of the Operating Trust, will make an annual reserve contribution from Supplemental Rent, to the extent available. See "*Summary of the Leases – Master Leases*" and "*Summary of the Leases – Master Leases – Reserve Accounts*." The Trust Reserve Accounts will fund additional Capital Expenditures and unanticipated costs throughout the life of the investments. In the event that additional reserves are needed, the Asset Managers may withhold distributions from the Operating Trust to the Parent Trust, and, thus, to the Investors, thereby reducing projected returns. See "*Summary of the Offering – Trust Reserve Accounts*." Under the Master Leases, the Master Tenants are, or will be, responsible for the remainder of the repair costs. Nevertheless, if any of the Master Tenants fails to make necessary repairs, its respective Property could fall into disrepair or if such Master Tenant fails to compensate any workmen, its respective Property could become subject to liens that the applicable Operating Trust would be obligated to pay. Any such failure by a Master Tenant may require a Transfer Distribution of the applicable Operating Trust or the Parent Trust to occur. If after a Transfer Distribution, additional funds are not available from any source, the resulting Springing LLC would be forced to dispose of the Property it holds on terms that may not be favorable to the Investors or, in the case of a Loan, the applicable Lender may foreclose on such Property and the Investors could lose their entire investment as it relates to such Property. In addition, a Transfer Distribution may have adverse tax consequences for Beneficial Owners. See "*Federal Income Tax Consequences*."

The Investors will have limited recourse under the Investor Questionnaire & Purchase Agreement and Master Leases.

The Operating Trusts have acquired and leased, or are expected to acquire and lease, their respective Properties in their "as is" condition on a "where is" basis and "with all faults," subject to certain representations and warranties, but without any warranties of merchantability or fitness for a particular use or purpose. In addition, the Investor Questionnaire & Purchase Agreement contains only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. See "*Summary of the Investor Questionnaire & Purchase Agreement*." A copy of the Investor Questionnaire & Purchase Agreement is included as Exhibit A to this Memorandum, and copies of the Master Leases (in draft form with respect to the Marley Park Master Lease and the Space Coast Master Lease) are available in the Digital Investor Kit.

Compliance with various laws could affect the operation of the Properties.

Various federal, state and local regulations, such as fire and safety requirements, environmental regulations, the Americans with Disabilities Act of 1990, non-discrimination and equal housing laws, land use restrictions and taxes affect the Properties. If the Properties do not comply with these requirements, the Operating Trusts may incur governmental fines or private damage awards. New, or amendments to existing, laws, rules, regulations or ordinances could require significant unanticipated expenditures or impose restrictions on the development, construction or sale of a Property. These laws, rules, regulations or ordinances may adversely affect the ability of the Trusts to operate or sell the Properties.

A cybersecurity incident and other technology disruptions could negatively impact the Trusts' business and the Master Tenants' relationship with the Residents.

The Trusts and the Master Tenants use computers in substantially all aspects of their business operations. The Property Manager also may use mobile devices, social networking and other online activities to connect with the Residents. Such uses give rise to cybersecurity risks, including security breach, espionage, system disruption, theft and inadvertent release of information. The businesses of the Trusts, the Master Tenants, and the Property Manager involve the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including Residents' personal information. If the Trusts, the Master Tenants, or the Property Manager fails to assess and identify cybersecurity risks associated with their operations, they may become increasingly vulnerable to such risks. Additionally, any measures already implemented to prevent security breaches and cyber incidents may not be effective. The theft, destruction, loss, misappropriation or release of sensitive and/or confidential information or intellectual property or interference with the information technology systems of the Trusts and the Master Tenants, or the technology systems of third-parties on which the Trusts and the Master Tenants rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of Residents, potential liability and competitive disadvantage, any of which could result in a material adverse effect on the Trusts' financial condition or results of operations.

Uninsured losses may adversely affect returns.

Under the Master Leases, the Master Tenants are required, or will be required, to maintain all risk builder's insurance during any periods of alterations, comprehensive general liability, and such other types of insurance as set forth in the Master Leases, as well as any other insurance required by the Loan Documents or the Operating Trusts. See "*Summary of the Leases – Master Leases – Insurance, Casualty and Condemnation*" and "*Financing Terms.*" However, particular risks that are currently insurable may not continue to be insurable on an economical basis, or current levels of coverage may not continue to be available. Subject to certain carve-outs as set forth in the Master Leases, the Master Tenants will be required to restore their respective Properties in the event of a casualty regardless of whether insurance proceeds are sufficient for such purposes. Similarly, in the event of a taking of less than the entirety of a Property where the applicable Master Lease is not terminated in accordance with the terms thereof, the applicable Master Tenant is to restore such Property, and will have the right to utilize any condemnation award received, subject to the terms of the Loans, in an amount equal to the cost of the restoration. However, in the event the cost of the restoration exceeds any award, such Master Tenant is to pay for any deficiency. There is no guarantee that a Master Tenant will have sufficient funds to restore its Property in the event insurance proceeds or any condemnation awards are insufficient. In the event the cost of restoration exceeds the amount of any insurance proceeds or condemnation awards received, the applicable Operating Trust may be required to fund such excess costs. In the event a Master Lease is terminated as a result of a condemnation, there can be no assurance any condemnation award received will be equal to the value of the real estate taken. A Master Tenant's failure or refusal to rebuild its related Property after a casualty or condemnation may result in a default by the applicable Operating Trust under the Loan Documents, which may permit the applicable Lender to exercise its remedies under the Loan Documents.

The Parent Trust and the Operating Trusts do not guarantee the condition of, or title to, the Properties.

The Parent Trust and the Operating Trusts do not make any warranties or representations to the Investors regarding the condition of the Properties. A prospective Investor is investing in the Properties in an "as is" condition, on a "where is" basis and "with all faults," without any warranties of merchantability or fitness for a particular use or purpose.

In addition, the Properties are subject to various matters affecting title, including, but not limited to, zoning ordinances, building codes and matters set forth on the pro forma owner's title insurance policies and surveys, all of which are available in the Digital Investor Kit. These matters may include, for example, easements, declarations, restrictions and other limitations on the right of the Parent Trust and/or Operating Trusts to construct, develop and use the Properties. In addition, other issues that are not disclosed by the policies or the surveys may affect title. In connection with the acquisition of the Properties, the Operating Trusts have obtained, or will obtain, title insurance; however, title will be insured only in an amount equal to the purchase price of the Properties, and not the full amount of the total acquisition cost ($151,130,133). In the event that a known or new matter arises with respect to the Properties, however, there is no guarantee that the title insurance will sufficiently protect the Operating Trusts

against all title issues affecting the Properties, that the title company will pay any claim, that the title insurance is sufficient to cover any damages, or that the Operating Trusts will not incur costs in making a title insurance claim.

The existence of any environmental issues with the Properties may adversely affect the Trusts.

Federal, state and local laws may impose liability on a landowner for releases of or the presence on the premises of hazardous substances (which by definition does not include petroleum), without regard to fault or knowledge of the presence of such substances. A landowner may be held liable for the presence of hazardous substances that occurred before it acquired title and/or that occur during ownership of, but are not discovered until after it sells, a property. If hazardous substances are found at any time on a Property, the applicable Operating Trust may be held liable for all cleanup costs, fines, penalties and other costs regardless of whether the Operating Trust owned such Property when the releases occurred or the hazardous substances were discovered. Under the Federal Comprehensive Environmental Response, Compensation, and Liability Act ("**CERCLA**"), as well as many state laws, a purchaser of property may qualify for affirmative defenses to, and exemptions from liability under, CERCLA and state laws. One of the factors critical to a purchaser's defense is obtaining, within 180 days before acquiring the property, a Phase I Environmental Site Assessment (a "**Phase I**") that qualifies as "All Appropriate Inquiry."

Each Operating Trust obtained a current Phase I for its respective Property, as follows:

(1) The Phase I for the Country Place Property is dated January 24, 2020 and was performed by TRC Companies, Inc. ("**TRC**");

(2) The Phase I for the Marley Park Property is dated January 24, 2020 and was performed by TRC; and,

(3) The Phase I for the Space Coast Property is dated December 11, 2019 and was performed by CBRE, Inc. ("**CBRE**").

Each Phase I was performed in compliance with the standards of ASTM Practice E1527-13, which is recognized by the United States Environmental Protection Agency and many states as adequate to demonstrate compliance with "All Appropriate Inquiry." Generally, the objective of each Phase I was to identify any Recognized Environmental Conditions ("**RECs**"), Historical RECs ("**Historical RECs**"), and/or *de minimis* conditions ("***de minimis* conditions**") in connection with the Properties.

A REC is defined by ASTM Practice E1527-13 as "the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property due to release to the environment, under conditions indicative of a release to the environment, or under conditions that pose a material threat of a future release to the environment." A Historical REC is defined by ASTM Practice E1527-13 as "a past release of any hazardous substances or petroleum products that has occurred in connection with the property and has been addressed to the satisfaction of the applicable regulatory authority or meeting unrestricted use criteria established by a regulatory authority, without subjecting the property to any required controls." *De minimis* conditions are not RECs. *De minimis* conditions generally do not present a threat to human health and the environment and generally are not subject to enforcement action if brought to the attention of governmental agencies. Each Phase I was timely conducted no more than 180 days prior to the applicable Operating Trust's acquisition, or expected acquisition, of the respective Property.

A Phase I does not involve any invasive testing. A Phase I is limited to a physical walk through or inspection of the Properties and a review of the related governmental records. Consequently, there are no assurances that any actual environmental problems with or conditions on the Properties would be exposed by a Phase I.

The Phase I reports, or the reliance letters that accompany such reports, entitle the corresponding Operating Trust and the Investors to rely on the Phase I. In the event that environmental contamination consisting of hazardous substances (but not petroleum) existed with respect to a Property when the applicable Operating Trust acquired the Property, but which was not disclosed in the Phase I for the Property, and the contamination is subsequently discovered on the Property, the Operating Trust may be able to avail itself of the defenses to, and the exemptions from, liability that are available under CERCLA and state laws, since the Operating Trust has acquired the Property, or expects to acquire the Property, within 180 days of the effective date of the corresponding Phase I.

It is possible that an environmental claim may be raised in such a manner that the claim could become enforceable against the Operating Trusts. The existence of any environmental issues with the Properties may make it more difficult and more expensive, and perhaps impossible, to sell the Properties. If losses arise from environmental matters, the financial viability of the environmentally impacted Properties may be substantially affected. In an extreme case, the impacted Properties may be rendered worthless, or the Operating Trusts may be obligated to pay cleanup and other costs in excess of the value of the impacted Properties.

Country Place Property Phase I

The Phase I for the Country Place Property did not reveal any RECs, Historical RECs, *de minimis* conditions, or business environmental risks ("**BERs**").

Marley Park Property Phase I

The Phase I for the Marley Park Property did not reveal any RECs, *de minimis* conditions, or BERs. It did reveal, however, that the Marley Park Property was located within a closed Voluntary Cleanup Program case area.

The Phase I recommended no further action.

Space Coast Property Phase I

The Phase I for the Space Coast Property did not reveal any RECs, Historical RECs, *de minimis* conditions, or BERs.

The Properties may contain or develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem.

The presence of mold at any of the Properties could require the Operating Trusts to undertake a costly program to remediate, contain or remove the mold. Mold growth may occur when moisture accumulates in buildings or on building materials. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been increasing because exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. The presence of mold could expose the Operating Trusts to liability from the Residents and others if property damage or health concerns arise.

The location of the Space Coast Property increases the risk of damage to that Property.

The Space Coast Property is located in a Hurricane Susceptible Region, and may be required to maintain certain levels of insurance as set forth in the Space Coast Master Lease and the KeyBank Loan Documents. This risk may not continue to be insurable on an economical basis, and current levels of coverage may cease to be available.

The Master Tenants may incur costs related to zoning regulations.

According to the zoning reports, each Property has a zoning designation which permits that Property to be used as a multifamily residence. See "*The Properties – Location and Description of the Properties*." In the event of damage by fire or other casualty, there can be no assurance that insurance coverage will be sufficient to rebuild according to zoning requirements or that such insurance coverage will be available at reasonable rates in the future. If a loss occurs that is partially or completely uninsured on any of the Properties, the corresponding Master Tenant may not be able to fulfill its obligations to rebuild that Property in accordance with the applicable Master Lease or Loan Documents, and the Investors may as a result lose all or part of their investment. See "*Summary of the Leases – Master Leases*."

Terrorist attacks and other acts of violence or war may affect the Trusts' operations and profitability.

Any terrorist attack, other act of violence or war, including armed conflicts, could result in increased volatility in, or damage to, the United States and worldwide financial markets and economy. Increased economic volatility could adversely affect the Residents' ability to pay their rents, which could affect the ability of a Property to generate operating income and, therefore, the Parent Trust's ability to pay distributions.

Risks Related to the Financing

The following disclosures address the risks associated with the actual and anticipated terms of the NorthMarq Loans, and the anticipated terms of the KeyBank Loan. These disclosures are subject to change based on the final NorthMarq Loan Documents and KeyBank Loan Documents, which will be made available prior to the sale of Interests, and the terms of which will be disclosed in the Closing Supplement.

The Loans will reduce the funds available for distribution and increase the risk of loss.

The Country Place Trust owns, and the Marley Park Trust and Space Coast Trust will own, their respective Properties subject to their respective Loans. If there is a shortfall between the cash flow from the Properties and the cash flow needed to service the Loans, then the amount of cash flow from operations available for distributions will be reduced. In addition, mortgage debt increases the risk of loss since any defaults under a Loan may result in such Lender initiating a foreclosure action. In such a case, the respective Operating Trust could lose its Property, and the Investors could lose a portion of their investment in the Parent Trust. Investors should note, however, that the Loans are not, and will not be, cross-collateralized or cross-defaulted, meaning a default under one of the Loans will allow such Lender to recover against only the particular Property securing the particular Loan and will not trigger a default under the other Loans.

If an Operating Trust is unable to sell or otherwise dispose of its Property before the maturity date of the applicable Loan, it may be unable to repay the Loan and may have to cause a Transfer Distribution.

The ability of any Operating Trust to repay its Loan will depend in part upon the sale or other disposition of the respective Property. There can be no assurance that a sale can be accomplished at a time or on terms and conditions that will permit the Operating Trust to repay the outstanding principal amount of the Loan. Financial market conditions in the future may affect the availability and cost of real estate loans, making real estate financing difficult or costly to obtain for potential buyers of such Properties. If a Property cannot be sold by the maturity date of the respective Loan, then the Signatory Trustee of the Operating Trust owning the Property would likely determine that the Operating Trust is in danger of losing the Property due to a payment default under the Loan and would cause a Transfer Distribution to the Springing LLC. The Springing LLC structure would allow the Signatory Trustee of an Operating Trust, which would then become the sole manager of the Springing LLC, to take actions that the Signatory Trustee in the DST structure could not, such as refinancing the respective Loan. However, no assurances can be made that the Springing LLC would be able to refinance the respective Loan, or that the terms of any new loan would be competitive with or better than the terms of the Loans. Similarly, no assurances can be made that a Property could be sold, or that the sale of a Property would not result in a loss for the Operating Trust that owned such Property. In addition, a Transfer Distribution may have adverse tax consequences for the Investors. See also "*Federal Income Tax Consequences*."

The actual and anticipated prepayment provisions related to the NorthMarq Loans and KeyBank Loan may negatively affect the Parent Trust's exit strategy.

One of the Parent Trust's principal objectives will be to complete a sale of the Properties prior to the maturity dates of the Loans. However, depending on when the Operating Trusts sell their respective Properties and repay their respective Loans, they will be subject to prepayment penalties.

Specifically, the Country Place Loan is, and the Marley Park Loan and KeyBank Loan are expected to be, pre-payable, subject to a yield maintenance calculation (with a floor of 1.0% of the then principal balance of the applicable Loan) if the applicable Loan is prepaid during the first 114 months of the term of such Loan. In addition, if prepayment is made after the expiration of such yield maintenance period but before the sixth month through the fourth month prior to the month in which the loan matures, then the prepayment premium will be 1.0% of the amount of principal being prepaid. No prepayment premium is required during the 90-day period directly prior to maturity of the applicable Loan.

The Parent Trust's desire to avoid a prepayment premium may impact the timing of a sale of the Properties. In addition, in the event that a Trust sells a Property prior to the timeframe specified in the respective NorthMarq Loan Documents or KeyBank Loan Documents, the proceeds from the sale would be reduced by the prepayment premiums described herein. See "*Financing Terms*" for additional discussion.

The Loan Documents contain, or are expected to contain, various restrictive covenants, and if the Operating Trusts fail to satisfy or violate these covenants, the Lenders may declare the respective Loans in default.

The Loan Documents contain, or are expected to contain, customary restrictive covenants, representations and warranties. If an Operating Trust fails to satisfy or violates the covenants and agreements in the respective Loan Documents, then the applicable Lender may declare such Operating Trust's Loan in default. If an Operating Trust fails to cure a default within the time periods set forth in the respective Loan Documents, the applicable Lender will likely have several remedies available, including foreclosing on the applicable Property or declaring all amounts due and payable. If a Lender were to foreclose on a Property or to declare a Loan due, the Investors could lose a portion of their investment in the Parent Trust. See "*Financing Terms*."

In certain events, the Lenders may require that the insurance or condemnation proceeds be used to repay the Loans rather than repair or restore the Properties.

The Loan Documents require, or are expected to require, each Operating Trust to maintain (or cause the respective Master Tenant to maintain) specific types and amounts of insurance with respect to its Property. Under the Loan Documents, in the event of a condemnation or casualty of a Property, each Lender has agreed to, or is expected to agree to, allow the insurance or condemnation proceeds to be used by the applicable Operating Trust to repair and restore such Property only under certain specified circumstances and subject to certain conditions. If these circumstances and conditions are not satisfied, the Lender may require that the insurance or condemnation proceeds be used to repay the applicable Loan. Consequently, the Investors could lose all or substantially all of their investment in that Property.

A failure to comply with reporting obligations of the Loan Documents may result in a default.

The Loan Documents contain, or are expected to contain, several covenants requiring the respective Operating Trusts and/or Master Tenants to prepare various financial and operating reports and statements. These reports and statements are to be prepared by the Asset Managers or the Property Manager. If the Asset Managers or Property Manager fail to prepare these reports or statements, that failure will result in a default under the Loan Documents, which may ultimately result in a foreclosure under the Loans.

The Marley Park Loan Documents and KeyBank Loan Documents will not be finalized until after the Offering has commenced.

The Marley Park Loan Documents and KeyBank Loan Documents will not be finalized until after the Offering has commenced. As such, the terms of these Loans may vary, perhaps substantially, from what is disclosed herein.

Risks Related to the Master Leases and the Management of the Properties

The Master Tenants have, or will have, limited capital.

The Master Tenants' capitalization consists primarily of, or is expected to consist primarily of, the Demand Notes from IPC, and IPC is, and will be, under no obligation to contribute capital to any or all of the Master Tenants other than the amount of the Demand Notes. If a Master Tenant needs funds to pay its Rent under its respective Master Lease or satisfy its other obligations under such Master Lease, it will need to call upon IPC to contribute the amount of its Demand Note. However, no assurance can be given that the amount of such Demand Note will be sufficient to enable such Master Tenant to pay its Rent or to fund its obligations under its Master Lease, or that IPC will be able to fund such Demand Note if called upon by a Master Tenant to do so. If a Master Tenant is unable to pay its Rent or satisfy its obligations under its Master Lease, such Master Tenant would be in default under the Master Lease and the applicable Operating Trust would likely terminate such Master Lease, subject to the terms of the Loan Documents. In such event, the Operating Trust (or a Springing LLC, if applicable) may not be able to enter into a master lease for the applicable Property on terms that are similar to the Master Lease.

IPC may not be able to fund the Demand Notes.

Each of the Master Tenants is, or is expected to be, capitalized with a separate Demand Note. Additionally, IPC has capitalized other master tenants in a like manner in connection with other sponsored offerings. IPC has in the past, and anticipates that in the future it will, through affiliates, master lease additional properties in transactions structured similarly to this Offering. Although IPC has met all demand note funding obligations in the past, there can be no assurance that IPC will be able to satisfy the Demand Notes to the Master Tenants. In the event a Master Tenant is unable to pay Rent or satisfy its obligations under its Master Lease, the Parent Trust may experience loss of income.

Each Master Tenant is an affiliate of IPC and may face certain conflicts of interest in its roles as master tenant and as borrower under the Demand Note.

If any Master Tenant needs funds to pay its Rent under the Master Lease or satisfy its other obligations under the Master Lease, it may need to call upon IPC to contribute the amount of its Demand Note. However, each Master Tenant is an affiliate of IPC and may face certain conflicts of interest in its roles as master tenant and as borrower under the Demand Note, and neither the Master Lease nor the Demand Note was negotiated at arm's length. See also "*Conflicts of Interest – The Operating Trusts do not have arm's length arrangement with the Asset Managers, the Property Manager, or the Master Tenants*" and "*Conflicts of Interest – The landlord-tenant relationship between the Signatory Trustees and the Master Tenants may lead to a conflict of interest*" for further discussion. Specifically, there are no provisions preventing any Master Tenant from canceling its respective Demand Note. If a Property is generating insufficient income and the applicable Master Tenant decides to cancel the respective Demand Note, the Master Tenant could be unable to pay its Rent or satisfy its obligations under the Master Lease, resulting in a default on the Master Lease and the likely termination of the Master Lease. In such event, the applicable Operating Trust (or a Springing LLC, if applicable) may not be able to enter into a master lease for such Property on terms similar to the Master Lease. However, as long as each Demand Note remains in effect, the entire balance of each Demand Note will be due and payable to the respective Master Tenant in the event that the "Operating Coverage Ratio," defined as the ratio between Gross Income and the Additional Rent Breakpoint, calculated as of the last business day of each calendar year, is less than 1.10.

The Master Tenants are newly formed entities.

Each Master Tenant is a newly formed entity and has no operating history. Although the Properties are, or will be, managed by the Property Manager, which has experience in managing other similar properties, no assurances can be given that the Properties will be operated properly or successfully. In addition, no person or entity has guaranteed or will guarantee payment of the Rent or the performance of the obligations of the Master Tenants under the Master Leases. A significant financial problem with any or all of the Properties could adversely affect the applicable Master Tenant's ability to satisfy its financial obligations under its Master Lease. Under each of the Master Leases, the applicable Master Tenant will be obligated to pay Rent and the operating expenditures of the underlying Property (see "*Summary of the Leases – Master Leases*" for a discussion of the Rent under each Master Lease) regardless of whether such Property is profitable. If the Properties are performing poorly, for whatever reason, the Master Tenants may not be able to pay the Rent. Furthermore, if the Master Tenants are unable to pay the operating expenditures with respect to the Properties, the Properties may fall into disrepair, or in the event of a failure to pay property or real estate taxes or assessments, may be subject to foreclosure or seizure by the taxing authority. Such inability to act could require the Signatory Trustee to cause a Transfer Distribution to a Springing LLC of the Parent Trust or any or all of the Operating Trusts in order to address these deficiencies. Additionally, such inability to act could result in an event of default under the applicable Loan Documents. See "*Financing Terms*."

Bankruptcy of the Master Tenants would adversely affect the Trusts.

The Trusts would be adversely affected if a bankruptcy or similar insolvency proceeding were initiated with respect to any or all of the Master Tenants. For example, a bankruptcy trustee appointed for a Master Tenant might attempt to reject one or more Leases for the applicable Property. Further, as a result of the automatic stay provided for under the applicable bankruptcy laws, the Operating Trusts might not be able to enforce such Master Tenant's obligations under its Master Lease, or reach rental payments being made by the applicable Residents to such Master Tenant, which could negatively impact the applicable Operating Trust's ability to receive rent with

respect to the applicable Property. Any such bankruptcy or similar insolvency proceeding could also result in an event of default under the applicable Loan Documents. See "*Financing Terms*."

There is no assurance that the Base Rent, Additional Rent, or Supplemental Rent will be paid.

There can be no assurance that payments of Base Rent, Additional Rent, or Supplemental Rent by any or all of the Master Tenants will be made as such payments are contingent upon the successful operation of the Properties. See "*Risk Factors – Risks Related to the Properties*."

The Operating Trusts rely on, or will rely on, the Asset Managers to manage their assets and day-to-day operations.

Each Operating Trust has entered into, or expects to enter into, an Asset Management Agreement with its respective Asset Manager. In its capacity as an asset manager, each Asset Manager is, or will be, responsible for managing the respective Operating Trust's day-to-day operations, including, but not limited to: reviewing all performance and financial information related to the respective Property; conducting relations with, and supervising services performed by, lenders, consultants, accountants, brokers, third-party asset managers, attorneys, underwriters, appraisers, insurers, corporate fiduciaries, banks, builders and developers, sellers and buyers of assets, among others; providing loan payment services in connection with the respective Loan; preparing financial reports for the applicable Lender; managing the respective Reserve Accounts; providing bookkeeping and accounting services and maintaining the respective Operating Trust's books and records; administering monthly cash distributions; communicating with investors, brokers, dealers, financial advisors and custodians; and undertaking and performing all services or other activities necessary and proper to carry out the respective Operating Trust's investment objectives, including providing secretarial, clerical and administrative assistance for the respective Operating Trust. As a result, a prospective Investor should not purchase the Interests unless the prospective Investor is willing to entrust all the aspects of the assets and finances of the Properties to the Asset Managers. If the Asset Managers fail to properly manage the assets or finances or other aspects of the Operating Trusts, then an Investor's investment may be adversely impacted, and the Investor may not achieve the expected return, if any, on its Interest.

The Master Tenants rely on, or will rely on, the Property Manager to manage the Properties.

Inland Residential Real Estate Services LLC, a Delaware limited liability company and an affiliate of IPC, serves, or will serve, as the Property Manager of each of the Properties, each in accordance with the applicable Property Management Agreement. Each Property Management Agreement has, or is expected to have, an initial term expiring December 31, 2020, which term will automatically renew for successive periods of one year, unless otherwise terminated. During the term of the Property Management Agreements, the Property Manager has the exclusive right to manage and operate the Properties. The Property Manager may also retain independent contractors, which may be affiliates, to provide services. Accordingly, a prospective Investor should not purchase the Interests unless he, she or it is willing to entrust all such aspects of management and operation of the Properties to the discretion of the Property Manager. A prospective Investor must carefully evaluate the personal experience and business performance of the principals of the Property Manager. The names and biographies of the Property Manager's managers and president are discussed under "*Management – The Property Manager*." If the Property Manager is not successful in operating and managing the Properties, then an Investor's Interest may be adversely impacted, and the Investor may not achieve the expected return, if any, on its Interest.

IPC, the Asset Managers, the Master Tenants and the Property Manager will be subject to various conflicts of interest.

IPC, the Asset Managers, the Master Tenants, and the Property Manager and their affiliates will be subject to conflicts of interest between their activities, roles and duties for other entities and the activities, roles and duties they have assumed on behalf of the Trusts. Conflicts exist in allocating management time, services and functions between their current and future activities and the Trusts. None of the management arrangements or agreements is the result of arm's-length negotiations. See "*Conflicts of Interest*" for additional discussion.

Actual results may differ from those forecasted in this Memorandum.

The anticipated results of operations set forth in this Memorandum, and in Exhibit D, the Forecasted Statement of Cash Flows, are based upon current estimates of income and expenses relating to the operation of the

Properties. Any return to the Investors on their investment will depend on the ability of the Asset Managers and the Property Manager to operate the Properties profitably and ultimately sell the Properties at a profit, which, in turn, will depend upon economic factors and conditions beyond their control. A variety of factors, including, without limitation, any of the following, may cause actual results to differ:

(1) actual rental income could be below projected rental income;

(2) actual expenses may exceed projected expenses;

(3) Capital Expenditures and unanticipated costs may exceed the amount placed in the Reserve Accounts; or

(4) rent may be collected later than projected, due to failure of the Master Tenants or any Residents to make such payments when due.

Therefore, the actual results achieved during the life of the ownership of the Properties may vary from those anticipated, and the variation may be material. As a result, the rate of return to Investors may be lower than that projected.

Investors may not recover all or any portion of their investment in a sale of the Properties.

Any proceeds realized from the sale of the Properties will be distributed to the Investors in accordance with their respective Interests, but only after payment of any loan then outstanding on the Properties (and any other loans), expenses of the transaction, including a broker's fee and Disposition Fees payable to the Asset Managers and satisfaction of the claims of other third-party creditors. Since the Asset Managers will have the exclusive right to retain the listing broker, this may prevent the Investors from retaining their own listing broker. The ability of the Investor to recover all or any portion of his, her or its investment through a sale will therefore depend on the amount of net proceeds realized from such sale and the amount of claims to be satisfied therefrom. There can be no assurance that the Investor will receive any proceeds from the sale of any or all of the Properties.

Investors will not receive audited financial statements for the Properties.

There will not be any standard audited financial reports available to the Investors with respect to the Properties. Instead, a "cash basis" audit will be performed; see "*Frequently Asked Questions – What kind of audit will be performed on the operations of the Properties*?" for additional discussion regarding the "cash basis" audit. Given the scope of the "cash basis" audit, it may be costly and difficult to verify the accuracy of certain financial reports detailing the operations of the Properties.

Risks Related to the Offering

There is no public market for the Interests.

An Investor will be required to represent that he, she or it is acquiring the Interests for investment purposes and not with a view to distribution or resale, and he, she or it can bear the economic risk of investment in the Properties for an indefinite period of time. The Interests are being offered and sold pursuant to exemptions from the registration provisions of federal and state law. Accordingly, the Interests will be subject to restrictions on transfer. Even if these transfer restrictions expire or are not applicable to a particular Investor, there is no public market for the Interests, and neither IPC nor the Parent Trust will take any steps to develop a market. Investors should expect to hold their Interests for a significant period of time.

The Interests are not registered with the SEC or any state securities commission.

The Interests have not been, and will not be, registered with the SEC or any state securities commission. The Interests are being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to a prospective Investor meeting the suitability requirements set forth herein. Since this is a nonpublic offering and, as such, is not registered under federal or state securities laws, a prospective Investor will not have the benefit of review or comment by the SEC or any state securities commission. The terms and conditions of the Offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with those agencies.

If the Parent Trust fails to comply with the requirements of the exemptions related to the Interests, the Parent Trust could suffer material adverse effects.

The Interests are being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to a prospective Investor meeting the suitability requirements set forth herein. If the Parent Trust should fail to comply with the requirements of such exemption, Investors may have the right, if they so desired, to rescind their purchase of an Interest. This might also occur under the applicable state securities laws and regulations in states where an Interest will be offered without registration or qualification pursuant to a private offering or other exemption. If this were the case and a number of Investors were successful in seeking rescission, the Parent Trust would face severe financial demands that would adversely affect the Parent Trust as a whole and, thus, the investment in Interests by the remaining Investors.

An Investment in the Interests is not a diversified investment.

An Investor will acquire Interests in the Parent Trust, which owns, or will own:

- 100% of the beneficial interests in the Country Place Trust, which owns the Country Place Property;
- 100% of the beneficial interests in the Marley Park Trust, which will own the Marley Park Property; and
- 100% of the beneficial interests in the Space Coast Trust, which will own the Space Coast Property.

All of the Properties are multifamily properties, and are, or will be, leased to the respective Master Tenants. Accordingly, an investment in the Interests will not be diversified as to the type of asset or type of tenant.

Investors may not realize a return on their investment for years, if at all.

An Investor may not realize a return on his, her or its investment and could lose the entire investment. For this reason, a prospective Investor should carefully read this Memorandum and should consult with his, her or its attorney, tax advisor, and business advisor prior to making the investment.

The Parent Trust is not providing the prospective Investor with separate legal, accounting or business advice or representation.

The Parent Trust, the Parent Signatory Trustee and their respective affiliates are not represented by separate counsel. Further, the Parent Trust's and the Parent Signatory Trustee's counsel and accountants have not been retained, and will not be available, to provide legal counsel, tax advice or accounting advice to a prospective Investor.

The arrangements with ISC were not negotiated at arm's length.

ISC is an affiliate of IREIC. The arrangements with ISC, including fees and expenses payable thereunder, were not negotiated at arm's length.

If all of the Interests are not sold, the Parent Depositor or its affiliate will own the unsold Interests which could result in potential conflicts of interest.

There is no minimum amount of Offering proceeds that must be raised or minimum number of Investors required in connection with this Offering. Accordingly, if the Placement Agent is unable to sell all of the Interests, the Parent Depositor will own any unsold Interests or may transfer unsold Interests to its affiliates. The ownership of the Interests by these entities involves certain risks that potential Investors should consider, including, but not limited to, the fact that there may be conflicts of interest between the objectives of the Investors and that of the Parent Depositor and its affiliates, or, if the Offering is not fully subscribed, that a significant amount of the Interests will not have been acquired by disinterested investors after an assessment of the merits of the Offering.

ISC signed a Letter of Acceptance, Waiver and Consent with FINRA. Any further action, proceeding or litigation with respect to compliance with the Letter of Acceptance, Waiver and Consent, or with respect to similar allegations by FINRA relating to future conduct, could adversely affect the Placement Agent.

In August 2014, ISC submitted a Letter of Acceptance, Waiver and Consent (the "**AWC**") to FINRA, the self-regulatory organization that oversees broker dealers, for the purpose of proposing a settlement of certain rule violations alleged by FINRA. Without admitting or denying the findings, ISC consented to an entry of findings of certain violations of FINRA Rules, including those related to its due diligence obligations in connection with its activities as placement agent to two private placement offerings. FINRA accepted the AWC on August 27, 2014. In connection with the AWC, ISC consented to a fine of $40,000, and agreed to (1) retain an independent consultant to review its written supervisory procedures, and (2) revise its written supervisory procedures as recommended by the independent consultant. ISC has fully complied with the terms and conditions of the AWC. Although ISC has never before been the subject of any FINRA action and although no complaints have been received regarding the two private placement programs, to the extent any action would be taken against ISC in connection with its compliance with the AWC, or if future violations of FINRA rules are alleged, ISC could be adversely affected.

The Purchase Agreement contains an exclusive jurisdiction provision.

Section 18 of the Purchase Agreement requires Investors to agree to resolve any disputes arising out of, in connection with, or from the Purchase Agreement, or the transaction covered by the Purchase Agreement, within Cook County, Illinois. As such, in the event of a dispute, Investors will not be able to select any other jurisdiction in which to resolve it.

Tax Risks

There are substantial risks associated with the federal income tax aspects of a purchase of an Interest, especially if the purchase is part of a Section 1031 Exchange. The following risk factors summarize some of the tax risks to an Investor. A further discussion of the tax aspects (including other tax risks) of a purchase of an Interest is set forth under "Federal Income Tax Consequences." Because the tax aspects of the Offering are complex and certain of the tax consequences may differ depending on individual tax circumstances, each prospective Investor is strongly encouraged to consult with and rely on his, her or its own tax advisor about this Offering's tax aspects in light of that Investor's individual situation. No representation or warranty of any kind is made with respect to the IRS's acceptance of the treatment of any item by an Investor.

THIS SECTION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS CONTEMPLATED BY AND DESCRIBED IN THIS MEMORANDUM. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON HIS, HER OR ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR CONCERNING THE INCOME AND OTHER TAX CONSEQUENCES OF PARTICIPATION IN THIS INVESTMENT.

Acquisition of the Interests may not qualify as a Section 1031 Exchange.

The Interests may not qualify under Code Section 1031 for tax-deferred exchange treatment and a portion of the proceeds from an Investor's sale of his, her or its Relinquished Property could constitute taxable "boot" (as defined herein). Whether any particular acquisition of Interests will qualify as a Section 1031 Exchange depends on the specific facts involved, including, without limitation, the nature and use of the Relinquished Property and the method of its disposition, the use of a qualified intermediary and a qualified exchange escrow and the lapse of time between the sale of the Relinquished Property and the identification and acquisition of the replacement property. Neither the Parent Trust, nor the Operating Trusts, nor their affiliates or agents are examining or analyzing any prospective Investor's circumstances to determine whether it qualifies under Section 1031. Moreover, no opinion or assurance is being provided to the effect that any individual prospective Investor's transaction will qualify under Section 1031. Such examinations or analyses are the sole responsibility of each prospective Investor, who should consult with his, her or its own legal, tax, accounting and financial advisors before purchasing an Interest. If the factors surrounding a prospective Investor's disposition of the Relinquished Property and his, her or its acquisition of the Interests do not meet the requirements of Section 1031, the disposition of the Relinquished Property will be taxed as a sale and the IRS will assess interest and possibly penalties for failure to timely pay such taxes. See the tax opinion attached hereto as Exhibit C. Also, merely designating an Interest in connection with an Investor's tax-deferred exchange does not assure the Investor that there will be Interests available to purchase when the Investor

executes the Investor Questionnaire & Purchase Agreement and actually causes his, her, or its qualified intermediary to transfer funds to complete the purchase of the Interests.

On July 20, 2004, the IRS issued Revenue Ruling 2004-86, 2004-2 C.B. 191, which held that, assuming the other requirements of Section 1031 are satisfied, a taxpayer's exchange of real property for an interest in the DST satisfies the requirements of Section 1031. The IRS based its holding on the following conclusions: (1) the DST is treated as an entity separate from its owners (and not as a co-ownership or agency arrangement); (2) the DST is an "investment" trust and not a "business entity" for federal income tax purposes; (3) the DST is a "grantor trust" for federal income tax purposes, with the holders of Interests in the DST treated as the grantors of the DST; and (4) the holders of Interests in the DST are treated as directly owning Interests in real property held by the DST. Because the holding of Revenue Ruling 2004-86 is based on certain factual assumptions regarding the DST, not all of which apply to the Trusts, and because there are provisions in the Trust Agreements which are not mentioned in the limited facts laid out in the ruling, there can be no guarantee that the Interests will satisfy the requirements of Section 1031. For example, the facts in the ruling neither expressly permit nor prohibit: (a) conversion of the DST to a limited liability company; (b) the fact that the Parent Signatory Trustee is related to the Parent Depositor; (c) any Interest retained by the Sponsor or its affiliates; (d) the parent-subsidiary trust structure used to own the Properties in this Offering; or (e) the leasing of the Properties by the Operating Trusts pursuant to the Master Leases to the Master Tenants, which are special purpose entities affiliated with the Sponsor, including the mechanism set forth in the Master Leases for the calculation of rent payable by the Master Tenants to the Operating Trusts.

Improperly identifying replacement properties could adversely affect the qualification of such an exchange under Section 1031.

Section 1031 generally permits taxpayers to identify alternative and multiple replacement properties within 45 days after disposing of their relinquished property. Taxpayers are permitted to identify up to three replacement properties (the "**three-property rule**"), without regard to the fair market value of those properties. In addition, taxpayers may identify any number of properties so long as their aggregate fair market value at the end of the identification period does not exceed 200% of the value of the relinquished property on the date it was transferred (the "**200% rule**"). A taxpayer also will be treated as properly identifying any number of replacement properties if the fair market value of the replacement property actually acquired is at least 95% of the aggregate fair market value of all identified replacement property (the "**95% rule**"). In general, the identification requirement can also be satisfied if replacement property is actually acquired by the last day of the identification period. Because the Offering consists of three properties for purposes of Section 1031, each of the Properties must be specifically identified for a Section 1031 Exchange. Because these identification rules are strictly construed, your exchange will not qualify for deferral of gain under Section 1031 if too many properties (whether in quantity or value) are identified or if you fail to comply with these requirements or do not meet the applicable deadlines under Section 1031. You should seek the advice of your tax advisor before subscribing for Interests or identifying the Properties.

A delayed closing on the acquisition of an Interest could adversely affect the qualification of an exchange under Section 1031.

Investors who are completing a Section 1031 Exchange should be aware that closing on their replacement property must occur before the earlier of: (1) the day which is 180 days after the date on which the taxpayer transferred the property relinquished in the exchange; or (2) the due date (determined with regard to extension) for the transferor's return for the taxable year in which the transfer of the relinquished property occurs. See *"Frequently Asked Questions – How long is the closing process for my purchase of an Interest?"* No extensions will be granted or other relief afforded to taxpayers who do not satisfy this requirement. Therefore, a delayed closing on the acquisition of an Interest could adversely affect the qualification of an exchange under Section 1031.

In addition, the Parent Trust will not sell any Interests until the Closing Date, which could further delay the acquisition of an Interest by an Investor who submits subscription materials prior to the Closing Date.

Funds from a Section 1031 Exchange may not be used for certain costs associated with the Properties.

Under certain conditions, closing and carrying costs, loan fees and costs, leasing reserves and other reserves, may not constitute property that is like-kind to real property for purposes of Section 1031. The Sponsor has attempted to structure the offering of the Interests so that such costs will be incurred by the Sponsor in

connection with its syndication and offering of the Interests. You must consult your own tax advisor regarding the proper tax treatment of these costs.

Classification for purposes of Section 1031.

The Sponsor has attempted to structure the Offering to allow each Investor to be treated as acquiring an undivided interest in real property as opposed to an interest in a partnership or corporation for federal income tax purposes. However, neither the Parent Trust nor the Operating Trusts will obtain a private letter ruling from the IRS to that effect. In the absence of a ruling, there can be no assurance that the IRS will treat the Interests as interests in real property for federal income tax purposes. If you intend to acquire an Interest pursuant to a Section 1031 Exchange, you should be aware that the Interest must be treated as an interest in real property and not as an interest in a partnership or corporation in order for you to be eligible to use the Interest as part of a Section 1031 Exchange. Consequently, if you are acquiring an Interest as part of a Section 1031 Exchange, you should consult your own tax advisor about the tax consequences of any Section 1031 Exchange and its potential risks.

Special Tax Counsel has issued an opinion that: (1) the Parent Trust and the Operating Trusts should be treated as investment trusts described in Treasury Regulations Section 301.7701-4(c) that are classified as "trusts" under Treasury Regulations Section 301.7701-4(a); (2) the Investors, as Beneficial Owners, should be treated as "grantors" of the Parent Trust and, indirectly, the Operating Trusts; (3) as "grantors," the Beneficial Owners should be treated as owning undivided fractional interests in the Properties for federal income tax purposes; (4) the Interests should not be treated as securities for purposes of Section 1031; (5) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Section 1031; (6) the Master Leases should be treated as true leases and not financings for federal income tax purposes; (7) the Master Leases should be treated as true leases and not deemed partnerships for federal income tax purposes; (8) the discussions of the federal income tax consequences contained in this Memorandum are correct in all material respects; and (9) certain judicially created doctrines should not apply to change the foregoing conclusions. The issues that are the subject of such opinions have not been definitively resolved by statutory, administrative or case law. This opinion is based on the facts and circumstances set forth in the opinion and is not a guarantee of the current status of the law, and, as such, it should not be treated as a guarantee that the IRS or a court would concur with the conclusions in the opinion. If any of such facts or circumstances were to change, the tax consequences to the Investors described in the opinion and the Memorandum could change. See "*Federal Income Tax Consequences.*"

Compliance with Revenue Ruling 2004-86.

Special Tax Counsel believes that the powers and authority granted to the Trustees, Asset Managers, Beneficial Owners, and the Trusts in the Trust Agreements fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." The Trust Agreements authorize the Operating Trusts to own the Properties, receive distributions from the Properties, and make distributions thereof, enter into any agreements with qualified intermediaries for purposes of a Beneficial Owner's acquisition of an Interest pursuant to Code Section 1031, and notify the relevant parties of any defaults under the transaction documents. Additionally, the Trust Agreements expressly deny the Asset Managers any power or authority to take actions that would cause the applicable Trust to cease to constitute an investment trust within the meaning of Treasury Regulations Section 301.7701-4(c). Furthermore, the Trust Agreements expressly prohibit the Delaware Trustee, Asset Managers, Beneficial Owners and the Trusts from exercising any of the enumerated powers that are prohibited under Revenue Ruling 2004-86.

The Trusts have been structured with a view to the trust addressed in Rev. Rul. 2004-86. However, distinctions exist between the Trust Agreements and other related arrangements and the trust and other related arrangements described in Revenue Ruling 2004-86. Special Tax Counsel believes these distinctions are not material. If, however, the IRS or a court were to disagree with the opinion of Special Tax Counsel, the Interests may be treated for federal income tax purposes as interests in a partnership and not as interests in real estate, and Prospective Investors would not be able to use their acquisition of Interests as part of a Section 1031 Exchange to defer gain under Code Section 1031. For a complete discussion of the Trust in comparison to the arrangement described in Revenue Ruling 2004-86, please see the attached opinion of Special Tax Counsel.

The use of certain exchange proceeds may result in taxable "boot."

Any personal property that may be part of the Properties, amounts used to establish reserves and impositions or other items that are not attributable to the purchase of real property will not be treated as an interest in real property and may be treated as "boot." It is possible that such amounts, if sufficient additional funds are borrowed by ***the*** Investors in excess of the indebtedness of an Investor's prior investment, will not be treated as boot. It is also possible that reserves will be treated as cash boot. In addition, the IRS could take the position that the increase in the purchase price of the Properties paid by the Investors would not be considered as an interest in real property and may be treated as "boot." In addition, to the extent that the portion of the debt acquired with the purchase of an Interest in the Properties are less than the Investor's debt on its Relinquished Property, such difference will constitute "boot" and may be taxable depending on the Investor's basis in the applicable Relinquished Property. In the event any item is determined to be "boot," the taxpayer will have current income for any such "boot" up to the amount of gain on the exchange of the real property. No opinion is being provided by the Parent Trust, the Sponsor or their affiliates or Special Tax Counsel with respect to the amount of "boot" in the transaction. Prospective Investors must consult their own independent tax advisors regarding these items.

Potential significant tax costs could result if Interests are deemed to be interests in a partnership.

If the Investors were treated for tax purposes as purchasing interests in a partnership, the Investors who are purchasing their Interests as part of a Section 1031 Exchange would not qualify for deferral of gain under Section 1031, and each Investor who had relied on deferral of such Investor's gain from disposition of other interests in real property would immediately recognize such gain and be subject to federal income tax thereon. Moreover, since such determination would, of necessity, come after such Investor had purchased his, her or its Interest, such Investor may have no cash from the disposition of his, her or its original parcel of real estate with which to pay the tax. Given the illiquid and long-term nature of an investment in the Interests, there would be no practical means of generating cash from an investment in the Interests to pay the tax. In such circumstances, an Investor would have to use funds from other sources to satisfy this tax liability. See "*Federal Income Tax Consequences.*"

Reportable Transaction Disclosure and List Maintenance.

A taxpayer's ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter is limited. In addition, taxpayers and material advisors must comply with disclosure and list maintenance requirements for reportable transactions. Reportable transactions include transactions that generate losses under Code Section 165 and may include certain large like-kind exchanges entered into by corporations. The Sponsor and Special Tax Counsel have concluded that the sale of an Interest should not constitute a reportable transaction. Accordingly, the Parent Trust and Special Tax Counsel do not intend to make any filings pursuant to these disclosure or list maintenance requirements. There can be no assurances that the IRS will agree with this determination by the Trust and Special Tax Counsel. Significant penalties could apply if a party fails to comply with these rules, and such rules are ultimately determined to be applicable.

State laws may differ.

Some states adopt Section 1031 in whole, other states adopt it in part and still other states impose their own requirements to qualify for deferral of gain under state law. In addition, while many states follow federal tax law by treating the owner of an interest in a fixed investment trust as owning an interest in the assets held by the Trusts, other state laws may differ and could result in the imposition of income or other taxes on such entities. Therefore, each Investor must consult his, her or its own tax advisor as to the qualification of a transaction for deferral of gain under state law.

Foreclosure/Cancellation of Debt Income.

In the event of a foreclosure of a mortgage or deed of trust on a Property, an Investor would realize gain, if any, in an amount equal to the excess of the Investor's share of the outstanding mortgage over its adjusted tax basis in such Property, even though the Investor might realize an economic loss upon such a foreclosure. In addition, the Investor could be required to pay income taxes with respect to such gain even though the Investor may receive no cash distributions as a result of such foreclosure.

If Property debt were to be cancelled without an accompanying foreclosure of the applicable Property, then an Investor could have to recognize cancellation of debt income (subject to the applicability of one or more of the cancellation of debt exclusions, in which event such exclusion(s) might constitute only a "deferral" of such income effectuated by the Investor's reduction of tax attributes – including tax basis), which would be taxed as ordinary income, for federal income tax purposes. Also, the Investor would not be able to offset any such cancellation of debt income with any loss recognized by an Investor that would constitute a capital loss for federal income tax purposes (including any loss recognized by an Investor from the sale of his Interest in the likely event that the Interest could not be considered Code Section 1231 real property.

The conversion of the Parent Trust and/or any of the Operating Trusts to a Springing LLC may have adverse tax consequences to Investors.

If the Parent Trust is converted to a Springing LLC, the Trust Property (as defined in the Parent Trust Agreement) will be transferred from the Parent Trust to the Springing LLC and the membership interests in the Springing LLC will be held by the Investors. It is anticipated that the Signatory Trustee will serve as the manager of the Springing LLC. Under current law, such a transfer generally should not be subject to federal income tax pursuant to Section 721. The Transfer Distribution could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that the transfer will not be taxable under the federal income or other tax laws in effect at the time the transfer occurs. Similar tax consequences could result from a Transfer Distribution regarding any or all of the Operating Trusts. Because the conversion of the Parent Trust and/or any or all of the Operating Trusts to a Springing LLC could occur in several situations, it is not possible to determine all of the potential tax consequences to the Investors. **PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF A TRANSFER DISTRIBUTION AND THE EFFECT OF THE PROPERTY BEING HELD BY THE SPRINGING LLC RATHER THAN THE APPLICABLE TRUST.**

Tax on gain upon sale of Springing LLC units likely will not be deferrable.

Unlike interests in the Parent Trust, interests in the Springing LLC (or interests in the Operating Trusts where the Operating Trusts have been converted to Springing LLCs) will not be treated as interests in real property for federal income tax purposes, including for purposes of a Section 1031 Exchange. **THUS, IF A TRUST TRANSFERS ANY OR ALL OF THE PROPERTIES TO A SPRINGING LLC IN A TRANSFER DISTRIBUTION, IT IS UNLIKELY THAT ANY OF THE BENEFICIAL OWNERS WHO RECEIVE INTERESTS IN THE SPRINGING LLC WILL THEREAFTER BE ABLE TO DEFER THE RECOGNITION OF APPLICABLE GAIN UNDER SECTION 1031 (PROVIDED, HOWEVER, THAT THE SPRINGING LLC, IN ITS OWN CAPACITY, MAY BE ABLE TO ENTER INTO A SECTION 1031 EXCHANGE FOR ITS OWN ACCOUNT).**

If the Parent Trust is converted into a Springing LLC, the Investors' membership interests in the Springing LLC will not qualify for tax-deferred exchange treatment under Section 1031.

If the Parent Trust is converted to a Springing LLC, the Interests will be converted into membership interests in the Springing LLC, which cannot be transferred in an exchange that qualifies for a Section 1031 Exchange. If, after the conversion of the Parent Trust into a Springing LLC, the Investors wish to engage in a tax-deferred exchange of their indirect interests in the Properties, the Springing LLC's manager may be able to convert the Investors' interests in the Springing LLC into (or exchange them for) direct interests in the Properties or adopt some other tax strategy to accomplish the tax-deferred exchange. However, there can be no guarantee that this can or will be accomplished.

Any amounts treated as "boot" will be taxable to Investors.

If, in a Section 1031 transaction, money is received or deemed received in addition to the like-kind property (referred to as "**boot**"), then gain on the Relinquished Property is recognized up to the amount of boot. Although there is no direct authority on point (other than certain potentially favorable authority that allows taxpayers to treat certain transaction expenses as reducing amounts otherwise taxable as boot in a Section 1031 Exchange), prospective Investors should be aware that the IRS may take the position that certain costs paid or deemed paid from money received from the sale of the Relinquished Property are boot and, therefore, income to the Investors. For example, the IRS may contend that some amounts paid into the Reserve Accounts and amounts paid in connection

with the Offering constitute boot received by the Investors and not a reinvestment in real estate. Prospective Investors should consult with their tax advisors with respect to the treatment of any such payments.

Passive activity, "at risk" and excess business losses are subject to limitations.

Losses from passive trade or business activities generally may not be used to offset "portfolio income," such as interest, dividends and royalties, or salary or other active business income. Deductions from passive activities, including interest deductions attributable to passive activities, generally may only be used to offset passive income. Passive activities include: (1) most trade or business activities in which the taxpayer does not "materially participate" (a statutorily-defined test); and (2) rental activities (subject to an exception for taxpayers who qualify as real property operators under certain statutory tests). Subject to satisfaction of the real property operator test and the material participation test, an Investor's income and loss from an investment in an Interest, if any, will constitute income and loss from passive activities. However, the rules regarding the deductibility of passive losses (whether from an investment in an Interest, or from another passive activity that potentially could be used to offset income from an investment in an Interest) are complex and vary with the facts and circumstances particular to each Investor. Prospective Investors should consult their tax advisors with respect to the tax consequences to them of the rules described above.

In addition, an Investor that is an individual or closely held corporation will be unable to deduct losses from the Parent Trust, if any, to the extent such losses exceed the amount the Investor is considered "at risk" under the Code. Losses not allowed under the at-risk provisions may be carried forward to subsequent tax years and used when the Investor's amount "at risk" increases or when the Investor generates gain on the disposition of the activity. However, the rules regarding the applicability of the at risk rules to a particular Investor are complex and vary with the facts and circumstances particular to each Investor. Prospective Investors should consult their tax advisors with respect to the tax consequences to them of the rules described above.

Under the recent Tax Cuts and Jobs Act of 2017 (the "**TCJA**"), excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such losses are carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. The threshold amount, which is indexed for inflation, was set at $250,000 (or twice the applicable threshold amount in the case of a joint return) for 2018. The provision applies after the application of the passive loss rules, and applies at the partner or shareholder level in the case of a partnership or S corporation.

Income and gain from passive activities may be subject to the Medicare Contributions Tax.

Certain Investors who are U.S. individuals are subject to the Medicare Contributions Tax, which imposes a 3.8% tax on the "net investment income" of certain U.S. individuals and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes passive investment income, such as rent and net gain from the disposition of investment property, less certain deductions. Prospective Investors should consult their tax advisors with respect to the tax consequences to them of the rules described above.

An Investor may be required to make an election if the Investor wishes to avoid the limit on business interest deductions.

Under the TCJA, interest deductions for taxpayers with average annual gross receipts in excess of $25 million are in general deferred to the extent that annual business interest expense exceeds business interest income plus 30% of taxable income, subject to certain adjustments. A real estate trade or business, however, may elect out of the deferral regime, in which case the business must depreciate certain types of real property by the straight line method over slightly longer recovery periods under the alternative depreciation system (the "**ADS**") (i.e., 40 years for nonresidential property, 30 years for residential rental property, and 20 years for qualified interior improvements). While Investors may be eligible to make this election, there is considerable uncertainty as to the application of the new rules, which may depend in part upon an Investor's specific circumstances. Investors should consult their own tax advisors as to the applicability of the new rules to them and as to their ability to make such election. See *"Limit on Business Interest Deductions"* in *"Federal Income Tax Consequences*."

An Investor should expect to use funds from other sources to satisfy tax liabilities.

An Investor should expect to have taxable income even in the absence of any distribution of cash from the Parent Trust. This will occur because cash flow from the Properties may be used to fund nondeductible operating or capital expenses of the Properties, including reserves and payments of principal on the Loans, that are not offset by depreciation or other deductions. In addition, a sale or exchange of the Properties at an economic loss without a Section 1031 exchange could result in ordinary income, depreciation recapture or capital gain to an Investor without any accompanying net cash proceeds from the sale or disposition of the Properties to pay income taxes on such items. This is a particular risk for certain Investors, such as persons acquiring an Interest in a Section 1031 Exchange, whose income tax basis in an Interest may be substantially lower than his, her, or its cash investment in the Properties. If this were to occur, an Investor would have to use funds from other sources to satisfy his, her, or its tax liability.

Future legislative or regulatory action could significantly change the tax aspects of an investment in an Interest.

The discussion of tax aspects contained in this Memorandum is based on law presently in effect and certain proposed Treasury Regulations. Nonetheless, Investors should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of an investment in an Interest. Any such change may be retroactive with respect to transactions entered into or contemplated before the effective date of such change, and could have a material adverse effect on the tax consequences of an investment in an Interest.

Specifically, the U.S. Congress periodically evaluates various proposed modifications to the Section 1031 Exchange rules that could, if enacted, prospectively repeal or restrict the ability to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property or beneficial interests in a fixed investment trust. In particular, the TCJA, which generally takes effect for taxable years beginning on or after January 1, 2018 (subject to certain exceptions), makes many significant changes to the U.S. federal income tax laws (including Section 1031). To date, the IRS has issued only limited guidance with respect to certain of the new provisions, and there are numerous interpretive issues that will require guidance. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future. An investment in an Interest involving solely real property was not impacted by the TCJA. Specifically, subject to certain transition rules, for transfers effective after December 31, 2017, Section 1031 Exchanges are only allowed with respect to real property that is not held primarily for sale. Generally, tangible personal property and intangible property are no longer eligible for Section 1031 Exchanges. Thus, Investors will be able to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property, but not with respect to tangible or intangible personal property. However, no assurance can be given that the currently anticipated U.S. federal income tax treatment of an Interest will not be modified by future legislative, judicial or administrative changes possibly with retroactive effect. For example, future repeal or amendment of Section 1031 or the Treasury Regulations promulgated thereunder could negatively impact the use of a Section 1031 Exchange in connection with an Investor's exit strategy.

An audit of an Investor's tax returns could affect such Investor's intended Section 1031 Exchange.

An audit of the tax returns of an Investor could result in the challenge to, and disallowance of, some of the deductions claimed in such returns. An audit could also address the validity of a Section 1031 Exchange. No assurance or warranty of any kind can be made with respect to the deductibility of any items, or of the validity of a Section 1031 Exchange, in the event of either an audit or any litigation resulting from an audit. An audit could arise as a result of an examination by the IRS or any state or local taxing authority of tax returns filed by the Sponsor, its affiliates or the Investor or any information returns filed by the Parent Trust or Operating Trusts.

State and local taxes may also impact an investment in the Parent Trust.

In addition to the federal income tax consequences, a prospective Investor should consider the state and local tax consequences of an investment in an Interest. Such taxes may include, without limitation, income, franchise and excise taxes. Prospective Investors must consult with their own tax advisors concerning the applicability and impact of any state and local tax laws.

An Investor could become subject to accuracy-related penalties and interest.

In the event of an audit that disallows an Investor's deductions, Investors should be aware that the IRS could assess significant penalties and interest on tax deficiencies. The Code provides for penalties relating to the accuracy of tax returns equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement that is attributable to: (1) negligence or disregard of rules or regulations; (2) any substantial understatement of income tax; or (3) any substantial valuation misstatement in which the value of any property (or the adjusted basis) is 150% or more of the amount determined to be the proper valuation or adjusted basis. The penalty is increased to 40% in the case of an underpayment which is attributable to one or more "nondisclosed noneconomic substance" transactions or to a Gross Valuation Misstatement (as defined herein). In addition to these provisions, a 20% accuracy-related penalty applies to: (a) listed transactions; or (b) reportable transactions having a significant tax avoidance purpose. This penalty is increased to 30% if the transaction is not properly disclosed on the taxpayer's federal income tax return. Failure to disclose such a transaction can also prevent the applicable statute of limitations from tolling in certain circumstances and can subject the taxpayer to additional disclosure penalties ranging from $10,000 to $200,000, depending on the facts of the transaction. Similarly, any interest attributable to unpaid taxes associated with a non-disclosed reportable transaction may not be deductible for federal income tax purposes. See "*Federal Income Tax Consequences – Other Tax Consequences – Accuracy-Related Penalties and Penalties for the Failure to Disclose*."

Alternative minimum tax may be applicable.

The alternative minimum tax applies to designated items of tax preference. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income. Prospective Investors should consult with their own tax advisors concerning the applicability of the alternative minimum tax.

Recharacterization of the Master Leases as financings, deemed partnerships or other arrangements for federal income tax purposes would have significant tax consequences.

Transactions structured as leases may be recharacterized for federal income tax purposes to reflect their economic substance. For example, in appropriate circumstances a purported lease may be recharacterized as a conditional sales contract. Recharacterization of any or all of the Master Leases as financings or other arrangements for federal income tax purposes would have significant tax consequences.

For example, if a Master Lease were recharacterized as a financing, the corresponding Master Tenant would be treated as the owner of the underlying Property for federal income tax purposes. As a result, Investors attempting to participate in Section 1031 Exchanges would not be treated as having received qualified replacement property when they acquired their Interests because the Investor would be treated as having made loans to such Master Tenant. As the owner of the Properties for federal income tax purposes, the Master Tenants would be entitled to claim any depreciation deductions. To the extent that payments of "Rent" were recharacterized as payments of interest and principal, the payment of principal would not be treated as the receipt of taxable income by the Investors and would not be deductible by the Master Tenants. All of these consequences could have a significant impact on the tax consequences of an investment in the Properties. Revenue Procedure 2001-28 sets forth advance ruling guidelines for "true lease" status. The Sponsor has not sought, and does not expect to request, a ruling from the IRS under Revenue Procedure 2001-28. These ruling guidelines provide certain criteria that the IRS will require to be satisfied in order to issue a private letter ruling that a lease is a "true lease" for federal income tax purposes. In the event of an examination by the IRS, the IRS and, ultimately, the courts of applicable jurisdiction, would consider these ruling guidelines, together with existing cases and rulings, for purposes of determining whether a lease qualifies as a true lease for federal income tax purposes. However, Special Tax Counsel does not believe that strict compliance with Revenue Procedure 2001-28 is required to conclude that the Master Leases should be characterized as true leases for federal income tax purposes. Rather, Special Tax Counsel believes that satisfying most of the material ruling guidelines should be sufficient for purposes of determining the characterization of the Master Leases at issue for federal income tax purposes.

Further, if the Master Leases were recharacterized as deemed partnerships, such deemed partnerships would be treated as the owner of the underlying Properties for federal income tax purposes. As a result, Investors attempting to participate in Section 1031 Exchanges would not be treated as having received qualified replacement property when they acquired their Interests because the Investor would be treated as having purchased an equity interest in such deemed partnerships. Because an investment in such equity interests would not constitute a

qualifying investment for purposes of a Section 1031 Exchange, treatment of the Master Leases as a deemed partnership would have a significant impact on the tax consequences of an investment in the Properties. Case law provides that certain factors are indicative that a purported lease may in fact be a partnership for federal income tax purposes.

The Parent Trust has received an opinion of Special Tax Counsel that Special Tax Counsel believes the Master Leases at issue satisfy most of the pertinent material conditions set forth in Revenue Procedure 2001-28 and the relevant case law, and that the Master Leases should be treated as true leases rather than financings or deemed partnerships for federal income tax purposes.

ESTIMATED USE OF PROCEEDS

The following table sets forth the estimated sources and uses of the proceeds of the Offering. IPC, the Asset Managers, the Property Manager, and their respective affiliates will receive substantial compensation and fees in connection with the Offering and the acquisition of the Properties, as described in this Memorandum. The figures below are based upon the sale of 100% of the Interests, equivalent to $80,895,627.

	Total Proceeds (Offering Proceeds + Loan Proceeds)	Amount from Loan Proceeds	Amount from Offering Proceeds	Percentage of Maximum Offering Amount[1]
Sources				
Offering Proceeds			$80,895,627	100.00%
Loan Proceeds		$83,928,000		-
Total Sources	$164,823,627	$83,928,000	$80,895,627	-
Application				
Selling Commissions and Expenses				
Selling Commissions [2, 3]			$4,853,738	6.00%
Dealer Fee [2, 3]			$1,011,195	1.25%
Placement Agent Fee [2]			$1,334,778	1.65%
O&O Expenses [2, 5]			$524,478	0.65%
Total	$7,724,189	$0	$7,724,189	9.55%
Costs of Acquisition				
Total Acquisition Cost [2, 4, 5]		$81,255,167	$69,874,966	86.38%
Acquisition Fee [2]			$3,296,473	4.07%
Reserves		$2,672,833		-
Total	$157,099,438	$83,928,000	$73,171,438	90.45%
Total Application	$164,823,627	$83,928,000	$164,823,627	100.00%

(1) Percentages have been rounded to the nearest hundredth of a percentage for purposes of this table.

(2) The Parent Trust will pay or reimburse some or all of these amounts to affiliates of the Parent Trust, as described in this Memorandum.

(3) ISC will reallow (pay) the full amount of the Selling Commissions and the Dealer Fees to third party broker/dealers who are members of FINRA.

(4) The total cost for the acquisition of the Properties is comprised of: (a) the purchase price of the Properties; (b) the actual and anticipated acquisition closing costs, which include costs paid, or payable, in connection with the acquisition of the Properties relating to title insurance, recording costs, document taxes, escrow costs, tax review fees, and document preparation; and (c) the actual and anticipated financing closing costs, which include costs paid, or payable, to the Lenders in connection with financing the Properties relating to loan origination and processing, title insurance, recording costs, mortgage taxes, escrow costs, property reports obtained by the Lenders, document preparation and the Lenders' legal expenses. As part of the total acquisition cost, the Parent Trust will reimburse certain affiliates of IPC for costs related to the acquisition and financing of the Properties, in an aggregate amount of $606,277.

(5) Certain of these costs have been estimated for purposes of this table. If the actual costs and expenses exceed the estimates, IPC will pay those costs and expenses. Conversely, if the estimates exceed the actual costs and expenses, IPC will retain the difference as additional compensation.

COMPENSATION TO IPC AND AFFILIATED PARTIES

The following is a description of compensation that may be paid to IPC, the Asset Managers, the Property Manager, the Master Tenants or their affiliates during the period of the Operating Trusts' ownership of the Properties or in connection with the Offering. These actual and anticipated compensation arrangements are not the result of arm's-length negotiations. Because of the nature of a Section 1031 Exchange and applicable IRS requirements, it is difficult, if not impossible, to charge Investors for any shortfall in costs and expenses related to the Offering that are paid out of the gross Offering proceeds. If the actual costs and expenses exceed the estimates, IPC will pay those costs. Conversely, if the estimates exceed the actual costs and expenses, IPC will retain the difference as compensation.

For purposes of this table, the amount of the commissions and fees set forth below are calculated based on 100% of the Interests, equivalent to $80,895,627.

Type of Compensation	Method of Compensation	Estimated Maximum Amount of Compensation
Selling Commissions	The Parent Trust will pay ISC Selling Commissions of up to 6.0% of the gross cash proceeds of the Offering. ISC will reallow (pay) the full amount of the Selling Commissions to broker/dealers who are members of FINRA.	$4,853,738
Dealer Fee	The Parent Trust will pay ISC a Dealer Fee, in an amount up to 1.25% of the gross cash proceeds of the Offering, for coordinating the marketing of the Interests with any participating broker/dealers as well as for non-itemized, non-invoiced due diligence efforts. ISC will reallow (pay) the full amount of the Dealer Fee to broker/dealers who are members of FINRA.	$1,011,195
Placement Agent Fee	The Parent Trust will pay ISC a fee, equal to 1.65% of the gross cash proceeds of the Offering, for serving as the Placement Agent.	$1,334,778
Reimbursement of O&O Expenses	The Parent Trust will reimburse the Sponsor, its affiliates and certain third parties for offering and organizational expenses in an amount equal to 0.65% of the gross cash offering proceeds of the Offering.	$524,478
Acquisition Fee	The Parent Trust will pay IPC an acquisition fee for its services in the identification, negotiation and acquisition of the Properties.	$3,296,473
Reimbursement of Acquisition and Financing Costs	The Parent Trust will reimburse certain affiliates of IPC for costs related to the acquisition and financing of the Properties. Specifically, the Parent Trust will reimburse IREA and another affiliate of IREIC for acquisition and due diligence overhead and IREIC for loan processing costs.	$606,277

Type of Compensation	Method of Compensation	Estimated Maximum Amount of Compensation
Asset Management Fees	Each Operating Trust pays, or expects to pay, its Asset Manager an annual asset management fee, as provided in the Asset Management Agreement, payable in monthly installments. The amounts of the asset management fees are as follows:	$298,746 for the initial year of ownership of the Properties.

Asset Manager	Asset Management Fee
Country Place Asset Manager	$6,160 per month $73,920 on an annual basis
Marley Park Asset Manager	$6,949 per month $83,386 on an annual basis
Space Coast Asset Manager	$11,787 per month $141,440 on an annual basis

In addition, if the Springing LLC refinances the respective Property in connection with a Transfer Distribution (as defined herein), the Asset Manager will receive from the Operating Trust a fee equal to 1.0% of the principal amount of the new loan, plus reimbursement of any out-of-pocket expenses incurred by the Asset Manager in connection with the refinancing, including but not limited to: expenses incurred in connection with third party reports; legal fees; application fees; and mortgage brokerage fees to both non-affiliate and affiliate mortgage brokers.

In addition to the fees payable to each Asset Manager, each Operating Trust is, or will be, responsible for reimbursing the Asset Manager for all expenses attributable to the Operating Trust and paid or incurred by the Asset Manager in providing services under the respective Asset Management Agreement.

If an Operating Trust requests any additional services not specified in the respective Asset Management Agreement, the Asset Manager may agree to provide the requested services upon terms mutually agreeable to the Operating Trust and the Asset Manager.

Each Asset Manager may decide, in its sole discretion, to be paid an amount less than the total amounts to which it is entitled under the respective Asset Management Agreement, and any excess amount that is not paid may, in the Asset Manager's sole discretion, be waived permanently or, as applicable, deferred or accrued, without interest, to be paid at a later point in time.

Type of Compensation	Method of Compensation	Estimated Maximum Amount of Compensation
Property Management Fees	Under each Property Management Agreement, the Property Manager is, or will be, entitled to a monthly property management fee, in an amount equal to 3.0% of the gross income generated by the applicable Property for the month in which the payment is made. Additionally, the Property Manager is, or will be, entitled to reimbursement for all expenses paid or incurred by the Property Manager in providing services under the applicable Property Management Agreement, including all expenses and the costs of salaries and benefits of persons employed by the Property Manager or its affiliates and performing services for the Property. However, the Master Tenants will not be obligated to reimburse the Property Manager for the salaries and benefits of persons who also serve as an executive officer of the Property Manager and, in the case of personnel who also provide services to other affiliates of the Sponsor, the Master Tenants only will be obligated to reimburse a pro rata portion of the salary and benefits of such persons based on the amount of time spent by such persons on matters for the applicable Properties. The Master Tenants are, or are expected to be, responsible for reimbursing salaries and related salary expenses as described herein irrespective of whether the services performed by such persons could have been performed directly by independent, non-affiliated third parties. If a Master Tenant requests any additional services not specified in the Property Management Agreement, the Property Manager may agree to provide the requested services upon mutually agreeable terms. The Property Manager may decide, in its sole discretion, to be paid an amount less than the total amounts to which it is entitled under each Property Management Agreement, and any excess amount that is not paid may, in the Property Manager's sole discretion, be waived permanently or, as applicable, deferred or accrued, without interest, to be paid at a later point in time.	Estimated to be $348,275 for the initial year of ownership of the Properties; however, it is not possible to determine the actual amount at this time.
Master Tenant Income	Under their individual Master Leases, it is expected that the Master Tenants each will earn 10% of Gross Income exceeding the Supplemental Rent Breakpoint for the applicable Property, as provided in the Master Leases. In addition, the difference between the Base Rent and the Additional Rent Breakpoint for any Property for a given month, if any, after taking into account	Estimated to be approximately $41,500 for the Country Place Property, $39,461 for the Marley Park Property, and $85,356 for the Space Coast Property; however, it is not possible to determine the actual amount at this

Type of Compensation	Method of Compensation	Estimated Maximum Amount of Compensation
	any expenses of the respective Property, will inure to the benefit of the applicable Master Tenant and, therefore, indirectly to IPC as the sole member of each Master Tenant. The Parent Trust estimates that this will result in additional income to the Master Tenants, in the amounts set forth below, which amounts will not be available for distribution to the Parent Trust or the Investors.	time.

Master Tenant	2020 Additional Income (estimates)
Country Place Master Tenant	$40,820 to $41,640
Marley Park Master Tenant	$39,323 to $40,266
Space Coast Master Tenant	$71,875 to $72,738

Disposition Fee	Upon the sale of a Property, the respective Asset Manager, or an affiliate thereof, will be entitled to receive a Disposition Fee in an amount up to 3.0% of the gross sales price of such Property. However, if the sale of the Property includes a commission payable to a third-party broker, the amount of the Disposition Fee will be reduced so that the sum of the Disposition Fee and any sales commission payable to a third-party broker in connection with the sale does not exceed 4.0% of the gross sales price of the respective Property. Further, the Asset Manager or its affiliate will not be entitled to any Disposition Fee in the event that the gross sales price of the respective Property, reduced by any amounts used or incurred by the Trust to pay off or cause the buyer to assume the debt on the Property, is less than the Maximum Offering Amount (allocable to such Property).	Not possible to determine at this time.

THE PROPERTIES

Ownership of the Properties

The Country Place Trust acquired fee simple title to the Country Place Property on March 12, 2020. The Marley Park Trust is expected to acquire fee simple title to the Marley Park Property on April 3, 2020. The Space Coast Trust is expected to acquire fee simple title to the Space Coast Property on March 24, 2020.

Location and Description of the Properties

Information regarding each of the Properties is available in the Property Condition Assessments for each Property (together, the "**Assessments**") prepared by McClain Consulting Services, Inc. ("**McClain**"), copies of which are available in the Digital Investor Kit. Certain general information concerning the Properties is summarized in the table below, and more detailed descriptions of the Properties follows the table.

Property & Address	Land Area and Building*	Units	Year Built	Parking	Zoning
The Country Place Property 2500 South 99th Avenue Tolleson, Arizona 85383	12.82 Acres of Land 139,688 Sq. Ft. of leasable area	154	2018	242	S-1 (Multi-family Residence)
The Marley Park Property 15025 West Old Oak Lane Surprise, Arizona 85379	13.365 Acres of Land 154,150 Sq. Ft. of leasable area	173	2019	348	PAD (Planned Area Development)
The Space Coast Property 6705 Shadow Creek Trail Melbourne, Florida 32940	10.40 Acres of Land 240,296 Sq. Ft. of leasable area	272	2019	445 (incl. 15 handicap spaces)	PUD (Planned Unit Development)

* Except as otherwise set forth herein, all references in this Memorandum to acreage and parking spaces are based on the surveys for the respective Properties, copies of which are available in the Digital Investor Kit. References to the leasable square footage of the Properties are based on the rent rolls for the respective Properties.

The Country Place Property

The Country Place Property consists of approximately 12.82 acres of land, upon which are situated 136 Country Place Buildings, including 129 residential buildings, one leasing office building, and six detached garages.

The Country Place Buildings contain a total of approximately 139,688 square feet of net leasable floor area across 154 Units. Of the 129 residential buildings, a total of 104 house a single two-bedroom Unit and a total of 25 duplex buildings house two one-bedroom Units each. In addition to the buildings, there are a total of 25 carport structures distributed throughout the site.

The Country Place Property is situated on a L-shaped land parcel on the west side of South 99th Avenue between West Durango to the north and West Lower Buckeye Road to the south.

According to the survey, the Country Place Property contains 242 total parking spaces, comprised of 24 detached garaged parking stalls (distributed between six detached garage buildings), 157 carport spaces, and 61 standard uncovered spaces.

The Marley Park Property

The Marley Park Property consists of approximately 13.365 acres of land, upon which are situated 149 Marley Park Buildings comprised of 141 residential buildings, one leasing office building, one fitness center and six detached garage buildings.

The Marley Park Buildings contain a total of approximately 154,150 square feet of net leasable floor area across 173 Units. Of the 141 residential buildings, a total of 109 house a single two-bedroom Unit and a total of 32 duplex buildings house two one-bedroom Units each. In addition to the buildings, there are a total of 26 carport structures distributed throughout the site.

The Marley Park Property is situated on an irregular-shaped land on the southwest corner of West Old Oak Lane and North Whisperwood Drive. Surprise is located in southern Arizona approximately 22 miles northwest of Phoenix.

According to the survey, the Marley Park Property contains 348 total spaces, including eight handicap spaces.

The Space Coast Property

The Space Coast Property consists of approximately 10.40 acres of land, upon which are situated 11 Space Coast Buildings comprised of nine residential buildings, one single-story clubhouse building, one single-story maintenance building/care car center and a leasing office.

The Space Coast Buildings contain a total of approximately 240,296 square feet of net leasable floor area across 272 Units. The Space Coast Property consists of five four-story apartment buildings, four two-story carriage buildings and ten single-story garage buildings.

According to the survey, the Space Coast Property contains 445 total parking spaces, comprised of 284 surface parking spaces, 15 handicapped spaces, 106 garage parking spaces, and 55 offsite parking spaces.

Physical Condition of the Properties

The Assessments indicate that generally the Properties are in good to fair condition overall. McClain recommend certain repairs as outlined below. The costs for the repairs described below will be allocated in accordance with the terms of the Master Leases.

Property	Date of Assessment	Immediate Needs	Est. Long-Term Needs [1]	Total Anticipated Needs
Country Place Property	01/07/20	$44,590	$911,868	$956,458
Marley Park Property	01/09/20	$45,860	$1,113,752	$1,159,612
Space Coast Property	12/11/19	$392,100	$1,382,855	$1,774,955
Portfolio Total		$482,550	$3,408,475	**$3,891,025**

[1] These figures are based on an inflation rate of 3% and a 10-year holding period.

Immediate Repairs – Immediate repairs are those repairs that are beyond the scope of regular maintenance which, in the opinion of McClain should be performed on a priority basis.

The Country Place Property. The Assessment for the Country Place Property assigned a cost of $44,590 to immediate repair needs, which include: (1) various repairs to storm water drainage; (2) various repairs to paving, curbing, and parking; (3) various repairs to loading areas, docks, and flatwork; (4) various repairs to landscaping and appurtenances; (5) various repairs to structural systems; (6) various repairs to exterior finishes; (7) various repairs to plumbing systems; (8) various repairs to HVAC systems; (9) repairs to life safety and fire protection systems; and (10) various modifications for accessibility to disabled persons.

The Marley Property. The Assessment for the Marley Park Property assigned a cost of $45,860 to immediate repair needs, which include: (1) various repairs to storm water drainage; (2) various repairs to paving, curbing, and parking; (3) various repairs to loading areas, docks, and flatwork; (4) various repairs to landscaping and appurtenances; (5) various repairs to exterior finishes; (6) various repairs to life safety and fire protection systems; and (7) various modifications for accessibility to disabled persons.

The Space Coast Property. The Assessment for the Space Coast Property assigned a cost of $392,100 to immediate repair needs, which include: (1) various repairs life safety and fire protection systems; and (2) various modifications for accessibility to disabled persons.

Physical Needs Over Time – Physical needs over time are items needing repair or replacement that are beyond the scope of regular maintenance but, in the opinion of McClain are necessary to maintain the overall condition of the respective Property for 10 years from the date of the Assessment.

The Country Place Property. The Assessment for the Country Place Property estimated physical needs over time of $769,475 (or approximately $500 per Country Place Apartment Unit, per year). With 3% inflation, this amount is $911,868 (or approximately $592 per Country Place Apartment Unit, per year). The physical needs over time provided for in the Assessment for the Country Place Property include: (1) establishing an inspection and maintenance contingency for subterranean storm water tanks throughout the Country Place Property; (2) establishing a replacement contingency for vehicular gate motors/controllers; (3) seal coating and restriping asphalt pavement throughout the Country Place Property; (4) establishing a repainting contingency for CMU site walls; (5) resurfacing swimming pool and spa; (6) replacing swimming pool equipment; (7) quarterly stucco inspection and routine maintenance; (8) repainting exterior stucco throughout the Country Place Property including garages; (9) install sealant at back door thresholds of all Country Place Units and exterior door thresholds at the leasing office; (10) establishing a replacement contingency for domestic water heaters; (11) establishing a replacement contingency fan coil and condensing units; (12) establishing a replacement and maintenance contingency for electrical meter bank walls throughout the Country Place Property; and (13) establishing replacement contingencies for refrigerators, dishwaters, ranges, microwave ovens, washers and dryers.

The Marley Park Property. The Assessment for the Marley Mark Property estimated physical needs over time of $951,225 (or approximately $550 per Marley Park Apartment Unit, per year). With 3% inflation, this amount is $1,113,752 (or approximately $644 per Marley Park Apartment Unit, per year). The physical needs over time provided for in the Assessment for the Marley Park Property include: (1) establishing an inspection and maintenance contingency for subterranean storm water tanks throughout the Marley Park Property; (2) establishing a replacement contingency for vehicular gate motors/controllers; (3) seal coating and restriping asphalt pavement throughout the Marley Park Property; (4) establishing a repainting contingency for CMU site walls; (5) resurfacing swimming pool and spa; (6) replacing swimming pool equipment; (7) quarterly stucco inspection and routine maintenance; (8) repaint exterior stucco throughout the Marley Park Property; (9) install sealant at back door thresholds of all Marley Park Units and exterior door thresholds at the leasing office; (10) quarterly roof inspection and routine maintenance; (11) establishing a replacement contingency for fan coil and condensing units; (12) establishing a replacement and maintenance contingency for electrical meter bank walls throughout the Country Place Property; (13) establishing a replacement contingency for domestic water heaters; and (14) establishing replacement contingencies for Unit vinyl flooring, refrigerators, dishwaters, ranges, microwave ovens, washers and dryers.

The Space Coast Property. The Assessment for the Space Coast Property estimated physical needs over time of $1,157,480 (or approximately $426 per Space Coast Apartment Unit, per year). With 3% inflation, this amount is $1,382,855 (or approximately $508 per Space Coast Apartment Unit, per year). The physical needs over time provided for in the Assessment for the Space Coast Property include: (1) an inspection and maintenance contingency for car care area grease trap equipment; (2) repairing, sealing coat and restriping asphalt pavement throughout the Property; (3) an inspection and maintenance contingency for irrigation system pump equipment; (4) resurfacing swimming pool and spa; (4) replacing swimming pool and spa equipment; (5) repairing and repainting building exteriors throughout the Property; (6) inspection and maintenance contingency for exterior breezeways, stairs, and balcony deck components; (7) establishing a roof and maintenance contingency; (8) establishing a replacement contingency for domestic water heaters; (9) establishing a replacement contingency for condensing units; (10) refurbishing the elevator cab interiors; (11) performing modifications pursuant to the fire protection and life safety report; (12) refurbishing the clubhouse; (13) replacing fitness center equipment; and (14) replacement contingencies for Unit carpeting, Unit vinyl flooring, refrigerators, dishwaters, ranges, microwave ovens, washers and dryers.

Flood Zones

According to the Assessments, based on the applicable Flood Insurance Rate Map maintained by the Federal Emergency Management Agency ("**FEMA**"), the Properties are located in the flood zones set forth in the chart below.

Property	Flood Zone	Definition
Country Place Property	X500	Areas of moderate flood hazard.
Marley Park Property	X500	Areas of moderate flood hazard.
Space Coast Property	X	Areas outside of 100- to 500-year floodplain.

Seismic Zones

The Assessments indicate that, according to the "Seismic Zone Map of the United States," the Properties are located in the seismic zones set forth in the chart below.

Property	Seismic Zone	Probability of Damaging Ground Motion
Country Place Property	1	Low
Marley Park Property	1	Low
Space Coast Property	0	Low

Wind Zones

The Assessments indicate that, according to FEMA's Map of Wind Zones in the United States, the Properties are located in the wind zones set forth in the chart below.

Property	Wind Zone	Designated Wind Speed (3 second gust)	Hurricane Susceptible Region	Special Wind Region
Country Place Property	I	Up to 130 mph	No	No
Marley Park Property	I	Up to 130 mph	No	No
Space Coast Property	III	Up to 200 mph	Yes	No

Environmental

Each of the Operating Trusts received a Phase I for its respective Property. Each Operating Trust has acquired, or expects to acquire, its respective Property within 180 days of the effective date of the corresponding Phase I. The Phase Is were performed compliance with the standards of ASTM Practice E1527-13.

- The Phase I for the Country Place Property did not reveal any RECs, Historical RECs, *de minimis* conditions, or business environmental risks ("**BERs**").
- The Phase I for the Marley Park Property did not reveal any RECs, *de minimis* conditions, or BERs. It did reveal, however, that the Marley Park Property was located within a closed Voluntary Cleanup Program case area. The Phase 1 recommended no further action.
- The Phase I for the Space Coast Property did not reveal any RECs, Historical RECs, *de minimis* conditions, or BERs.

The Phase I reports, or the reliance letters that accompany such reports, entitle the Operating Trusts, the Parent Trust and the Investors to rely on the Phase Is.

Agreements and Other Matters Affecting the Properties

The Properties are subject to various immaterial encroachments, easements, declarations, restrictions and other agreements of record with neighboring landowners and local municipalities, with the exception of those described below, none of which are considered material to a possible investment pursuant to this Memorandum.

License Agreements. Concurrent with acquiring the Country Place Property and the Marley Park Property, the Country Place Master Tenant entered into, and the Marley Park Master Tenant will enter into, a Management and License Agreement (each, a "**License Agreement**" and together, the "**License Agreements**") with Christopher Todd Licensing, LLC, an Arizona limited liability company ("**CTL**"). The License Agreements grant, or will grant, the Master Tenants the right to use certain marks, including the Christopher Todd® name, on a limited basis as described in the License Agreements. The License Agreements have, or will have, a term of three years, with automatic one-year renewal terms, subject to certain termination rights. Except in the event of (1) a termination "for cause," as defined in the License Agreements and (2) a termination in which the Master Tenant provides CTL notice at least 90 days prior to the first anniversary of the effective date, in the event of a termination, the Master Tenant will be required to pay a "break-up fee" equal to the number of Units at the Property, multiplied by the number of months remaining under the term, multiplied by the then current Monthly License Fee (as defined herein).

Pursuant to the License Agreements, the Master Tenants are, or will be, required to pay to CTL a monthly fee of $12.40 per leased Unit (the "**Monthly License Fee**").

SUMMARY OF THE LEASES

General

The Country Place Trust entered into the Country Place Master Lease for the entire Country Place Property with the Country Place Master Tenant on March 12, 2020. Concurrent with acquiring the Marley Park Property and obtaining the Marley Park Loan, the Marley Park Trust will enter into the Marley Park Master Lease for the entire Marley Park Property with the Marley Park Master Tenant. Concurrent with acquiring the Space Coast Property and obtaining the KeyBank Loan, the Space Coast Trust will enter into the Space Coast Master Lease for the entire Space Coast Property with the Space Coast Master Tenant.

For each Property, the existing Leases have been, or will be, assigned to the Master Tenant concurrent with the Operating Trust's entry into the Master Lease.

The Master Leases are or will be net leases incorporating all expenses and debt service associated with the operation of the Properties. Each Master Tenant will operate its respective Property for its own benefit and will be entitled to retain certain positive differences between its respective Property's operating cash flow and Master Lease payments owed to the applicable Operating Trust and the applicable Lender, as described in greater detail below. Likewise, the Master Tenants will be liable for cash shortfalls between the operating cash flow of their respective Properties and applicable Master Lease payments owed to the Operating Trusts and the Lenders.

Master Leases

Copies of the Master Leases (in draft form with respect to the Marley Park Master Lease and the Space Coast Master Lease) are available in the Digital Investor Kit. The Closing Supplement will disclose the entry by the entry by the Marley Park Trust into the Marley Park Master Lease, and the entry by the Space Coast Trust into the Space Coast Master Lease, and copies of all executed Master Leases will be available to each Investor prior to the sale of Interests. EACH PROSPECTIVE INVESTOR SHOULD REVIEW EACH MASTER LEASE IN ITS ENTIRETY, AS AVAILABLE (IN DRAFT FORM WITH RESPECT TO THE MARLEY PARK MASTER LEASE AND THE SPACE COAST MASTER LEASE) IN THE DIGITAL INVESTOR KIT, BEFORE INVESTING. THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT PROVISIONS OF THE MASTER LEASES. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT THEREOF.

Terms of the Master Leases

The initial term of each Master Lease will, or is expected to, expire on the later of (1) 123 months from the commencement date of the Master Lease and (2) the date on which all monetary obligations under the applicable Loan Documents have been repaid or satisfied. The Master Leases will, or are expected to, automatically terminate upon a sale of the respective Property.

Rent

The Master Tenants under the Master Leases are, or are expected to be, required to pay rents as described below.

Base Rent

The actual and anticipated amounts of the annual Base Rent payable under each Master Lease are as follows:

Operating Trust	Annual Base Rent
Country Place Trust	$1,141,160
Marley Park Trust	$1,142,403
Space Coast Trust	$2,005,805

Base Rent is to be paid in monthly installments by each Master Tenant to the Lenders in accordance with the terms of the respective Loan Documents. Base Rent will be equitably adjusted to take into account any modifications in the payments due to the Lenders under the Loan Documents.

Additional Rent

In addition to Base Rent, the Master Leases require, or are expected to require, the Master Tenants to pay as Additional Rent any amount of Gross Income under the Master Leases (which includes all income collected by Master Tenants from rents, license fees and/or assessments, and other items arising from the use of the Property, but excludes amounts paid by or on behalf of a Resident, whether by application of a security deposit or otherwise, for the following: (1) returned check charges; (2) reimbursement of costs to repair damages to the interior or exterior of any Apartment Unit, common areas, or grounds of the Property; (3) reimbursement of costs to replace missing or destroyed items, including, but not limited to, appliances, furnishings, fixtures, flooring, or floor coverings; (4) reimbursement of costs of excess cleaning or waste hauling; or (5) reimbursement of legal fees or collection costs in connection with a collection action, eviction, or other legal action against a Resident) for a year which exceeds the Additional Rent Breakpoint for that year provided for in the Master Lease, up to a maximum annual amount, and payable in monthly installments. Such installment payments will be based on each Master Tenant's good faith estimates taking into consideration the operational characteristics of the respective Property. Each Master Tenant and the respective Operating Trust will be required to reconcile Additional Rent within 90 days after the end of each calendar year. The amounts of the Additional Rent Breakpoints and the maximum annual amounts provided for, or expected to be provided for, in the Master Leases are set forth below.

Operating Trust	2020 Additional Rent Breakpoint (annualized)	2020 Additional Rent Maximum (annualized)
Country Place Trust	$2,354,000	$495,400
Marley Park Trust	$2,522,000	$668,400
Space Coast Trust	$4,236,000	$1,400,500

The difference between the Base Rent and the Additional Rent Breakpoint for each Property for a given month, if any, after taking into account any expenses of the Properties, will inure to the benefit of the applicable Master Tenants and, therefore, IPC as the sole member of the Master Tenants. The Parent Trust estimates that this will result in additional income to the Master Tenants, in the amounts set forth below, which amounts will not be available for distribution to the Parent Trust or the Investors.

Master Tenant	2020 Additional Income (estimates)
Country Place Master Tenant	$40,820 to $41,640
Marley Park Master Tenant	$39,323 to $40,266
Space Coast Master Tenant	$71,875 to $72,738

In the event that the Projected Uncontrollable Costs under a Master Lease (which include real estate taxes and similar impositions, utility costs, and insurance costs for the respective Property) for any calendar year (or stub period thereof) exceed the actual amount of such costs for such calendar year or stub period, the Master Tenant will be required to pay to the applicable Operating Trust, as Additional Rent, the amount of such excess, within 90 days following the end of the applicable calendar year (or stub period thereof). However, if the actual costs for any calendar year (or period thereof) exceed the projected costs for such period, then the Master Tenant will be responsible for payment of such excess amount, but will be entitled to reimbursement of such excess amount by offsetting such amount against Additional Rent and, if necessary, Supplemental Rent, beginning with the first month that begins on or after 90 days

following the end of such period, and against such amounts payable to the applicable Operating Trust in later months, if and as needed, until the full amount of such excess amount incurred for the applicable period have been reimbursed to the Master Tenant.

Supplemental Rent

Each Master Tenant is, or is expected to be, required to pay to the applicable Operating Trust as Supplemental Rent an amount equal to 90% of Gross Income for a year that exceeds the Supplemental Rent Breakpoint provided for in the applicable Master Lease for that year. Supplemental Rent will only be paid by each Master Tenant after Base Rent and Additional Rent have been fully paid by such Master Tenant. Supplemental Rent is calculated on a calendar year basis (prorated for any partial year) and will be paid in arrears by the Master Tenants to the Operating Trusts within 90 days after the end of each calendar year. The amounts of the Supplemental Rent Breakpoints provided for, or expected to be provided for, in such Master Leases are set forth below.

Operating Trust	2020 Supplemental Rent Breakpoint (annualized)
Country Place Trust	$2,849,400
Marley Park Trust	$3,190,400
Space Coast Trust	$5,636,500

Capital Expenditures

The Master Leases require, or are expected to require, the Master Tenants to be responsible for the operation, repair, maintenance and management obligations of the Properties. The Master Leases require, or are expected to require, the applicable Operating Trust to be responsible for the following Capital Expenditures: (1) repairs and replacements of the structure, foundation, roof, exterior walls, the parking lot and improvements to such Property to meet the needs of the Property Tenants; (2) leasing commissions; (3) certain Hazardous Substances Costs; (4) any repairs identified in the Assessments, or similar engineering reports, performed in connection with the acquisition of the Properties; (5) insurance deductibles; and (6) other improvements to the Properties that would be considered capital expenditures under IPC's capitalization policy. The Operating Trusts are not, or are not expected to be, required to pay any Capital Expenditures which: (a) arise due to the negligence or willful misconduct of the Master Tenants; (b) arise from certain hazardous substances on or about the Properties after the commencement of the Master Leases; or (c) would otherwise constitute a "prohibited action" under the Trust Agreements for so long as the Operating Trusts are DSTs. The Operating Trusts are not, or are not otherwise expected to be, required to provide any services, facilities, repairs or alterations to the Properties.

To the extent a Master Tenant plans to make any modifications to its Property which are more than minor, non-structural modifications, the Master Tenant must provide 30 days' advance written notice of such changes or alterations to the respective Operating Trust. As long as the Operating Trusts are DSTs, the Operating Trusts will not have the right, power or ability to make more than minor, non-structural modifications to the Properties.

Impositions

The Master Tenants are required, or are expected to be required, to timely pay all taxes, assessments, excises, levies, license and permit fees and other governmental impositions and charges (collectively, "**Impositions**") arising from the Properties. The Master Tenants have, or are expected to have, the right, at their own expense and after prior written notice to the Operating Trusts, to contest or review by appropriate legal proceedings or in such manner as the Master Tenants in their opinion deem advisable any and all Impositions, so long as such contest does not operate to prevent or in any way impair or delay a sale of the Properties by the Operating Trusts or result in a tax sale of the Properties or any portion thereof.

Insurance

Each Master Tenant is required, or is expected to be required, at its sole cost and expense at all times throughout the term of its Master Lease, to maintain the following insurance policies on its Property for the mutual benefit of the applicable Operating Trust and such Master Tenant:

(1) all risks property insurance on the Property improvements, including the Buildings, in an amount not less than 100% of the full replacement costs (i.e., the cost of replacing the Property improvements, exclusive of cost of excavations, foundation and footings below the lowest basement floor, without deduction for physical depreciation thereof) with agreed value;

(2) boiler and machinery insurance in an amount sufficient to cover loss of rent, physical damage to the Property improvements and to the major components of any central heating, air-conditioning or ventilation systems and such other equipment as the Operating Trust may require;

(3) if the Property, or any portion thereof, is located in an area designated as a flood prone area participating in the National Flood Insurance Program, flood insurance in an amount equal to the full replacement cost or the maximum amount then available or evidence satisfactory to the Operating Trust, that neither the Property, nor any portion thereof, is located within a 100-year flood plain as determined by the Federal Insurance Administration;

(4) during any changes to, or alteration of, the Property or any part thereof and during any restoration following a taking or a casualty, all risk builder's risk insurance in an amount not less than 100% of the full replacement cost of the Property improvements, including the Buildings, as applicable;

(5) insurance against loss of profits or rental under a business interruption insurance policy or under a rental value insurance policy;

(6) comprehensive general liability insurance, including contractual liability insurance, with limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate for any policy year;

(7) any other insurance required under the Loan Documents or by the Operating Trust in its reasonable discretion. See "*Financing Terms*."

Trust Reserve Accounts

Pursuant to the Master Leases, each Operating Trust is required to, or is expected to be required to, maintain a Trust Reserve Account for its Property to make funds available for Capital Expenditures and unanticipated costs in relation to such Property. Each Operating Trust has made, or is expected to make, an initial contribution to its respective Trust Reserve Account from the proceeds of its Loan. In addition, on behalf of each Operating Trust, each Master Tenant will be required to: (1) pay into its respective Lender Reserve Account (if any) the annual amounts required by the respective Lender (if any) as a portion of Base Rent; and (2) pay into its respective Trust Reserve Account an annual reserve contribution from Supplemental Rent, to the extent available. The actual and anticipated amounts of the contributions to the Trust Reserve Accounts are set forth below

At the end of any calendar year, if the balance in a Trust Reserve Account is less than the minimum amount specified in the Reserve Minimum Balance, as set forth below, the applicable Operating Trust is, or is expected to be, required to make a contribution to the Trust Reserve Account so that it contains at least an amount equal to the Reserve Minimum Balance (and if such contribution is not made, the applicable Master Tenant may withhold Additional Rent and Supplemental Rent until such Trust Reserve Account contains at least an amount equal to the Reserve Minimum Balance). The Operating Trusts have, or are expected to have, no obligation to fund their respective Trust Reserve Accounts at any time the account contains more than the Reserve Maximum, as set forth below. If funds in a Trust Reserve Account exceed the Reserve Maximum, the applicable Operating Trust, in its sole discretion, may withdraw such excess funds. Any interest earned on the Trust Reserve Accounts will be retained as additional reserves. Any amounts remaining in the Trust Reserve Accounts upon the sale of the Properties will be distributed to the Investors based on their respective pro rata Interests.

Operating Trust	Initial Contribution (from Loan proceeds)	2020 Maximum Annual Contribution	Reserve Minimum Balance	Reserve Maximum
Country Place Trust	$835,000	$231,000	$100,000	$750,000
Marley Park Trust	$886,750	$211,925	$100,000	$850,000
Space Coast Trust	$677,800	$210,800	$100,000	$1,000,000

Pursuant to each Master Lease, the dollar amounts of the annual reserve contribution, the Reserve Minimum Balance, and the Reserve Maximum may be reduced (but not increased) by the Master Tenant in its sole discretion.

Casualty and Condemnation

The casualty and condemnation provisions under the Master Leases are, or are expected to be, subject to the Loan Documents. In the event of a casualty to a Property, the applicable Master Tenant is, or is expected to be, required to restore the Property, at the sole cost and expense of the Operating Trust (from the respective Trust Reserve Account to the extent funds are available), whether or not the insurance proceeds are sufficient, and in such event, the Master Tenant will not be relieved of its obligation to pay the full Rent under its Master Lease. If a casualty occurs within 12 months of the expiration of a Master Lease, and the cost of restoration exceeds 50% of fair market value of the Property, then, subject to the Loan Documents, and provided the applicable Master Tenant is not in default under its Master Lease and the insurance proceeds are, in the applicable Operating Trust's reasonable judgment, sufficient to restore the Property, the Operating Trust may: (1) require the Master Tenant to complete the restoration; or (2) terminate the Master Lease.

In the event of a total condemnation of a Property, the applicable Master Lease will, or is expected to, terminate and expire and Rent is expected to be prorated through the termination date. The Master Tenant has, or is expected to have, the right to participate and receive the entire award above and beyond the payment of all debt of the applicable Operating Trust and the Operating Trust's original beneficial interest holder's capital up to the amount of the termination fee, plus the fair market value of the tangible personal property of the Master Tenant. In the event of a partial condemnation of a Property, the applicable Master Lease may be terminated if the Master Tenant determines that the Property can no longer be used as it was intended. However, if the Master Lease is not terminated, there will not be a reduction in the Rent, except as set forth in the Master Lease, and the Master Tenant, at its sole cost and expense, will be required to restore the Property.

Assignment and Subletting

Except in certain circumstances as set forth in the Master Leases, the Master Tenants may, or are expected to be permitted to, sell, assign, sublet, pledge, transfer or otherwise dispose of their interests in the Master Leases only with the prior consent of the Operating Trusts and the Lenders, each of which may be withheld for any reason or no reason. The Master Tenants may, or are expected to be permitted to, assign the Master Leases to any subsidiary or affiliate without consent from the Operating Trusts, subject to guidelines set forth in the Master Leases. The Operating Trusts may, or are expected to be permitted to, assign their rights under their Master Leases to the Springing LLCs as part of a Transfer Distribution.

Each Master Tenant may, or is expected to be permitted to, sublet the whole or any portion of its Property without the necessity of obtaining the respective Operating Trust's prior written consent so long as the term of any "**Property Leases**" (defined as any leases or subleases of any or all of its Property on commercially reasonable terms and as permitted pursuant to the terms of the Master Lease, including, but not limited to, the Residential Leases) terminate prior to the term of the Master Lease. Each Master Tenant may, or is expected to be permitted to, enter into Property Leases with terms that exceed the term of its Master Lease without the Operating Trust's prior written consent so long as such Property Leases comply with the following provisions: (1) each Property Lease must be deemed by law subject and subordinate to the applicable Master Lease; (2) each Property Lease must be with a bona-fide arm's-length Property Tenant; (3) each Property Lease may not contain any rental concessions or other concessions which are not then customary and reasonable for similar properties and leases in the market area of the Property; (4) the rental rate for each Property Lease must be at least at the market rate then prevailing for similar properties and leases in the market areas of the applicable Property (with due consideration given to the size of the Apartment Unit leased); (5) each Property Lease is guaranteed, the Property Tenant under the Property Lease

demonstrates sufficient creditworthiness to support the Property Lease payments or the Property Tenant submits a sufficient security deposit to cover the risk; and (6) for net leases, the payment of normal pass-through expenses by Property Tenant to the applicable Master Tenant.

Termination Rights and Termination Fee

Each Operating Trust may, or is expected to be permitted to, terminate its Master Lease upon prepayment of its Loan. Each Master Lease will automatically terminate in the event that the applicable Property is sold. Upon the termination of a Master Lease, the Master Tenant's rights and obligations in and under all current Property Leases will automatically vest in the applicable Operating Trust and the Operating Trust will be deemed, without further action required, to have assumed all of such Master Tenant's obligations under the Property Leases from and after the effective date of the termination.

If a Master Lease is terminated (other than in connection with a casualty or condemnation, a sale of the applicable Property, or a termination arising by reason of a Master Tenant default under the Master Lease), the applicable Operating Trust will, or is expected to, be required to pay such Master Tenant a termination fee equal to: (1) the total Gross Income, as defined under each Master Lease, for the preceding three months; less (2) the applicable Rent for such three-month period.

Residential Leases

Each of the Residents has entered into the applicable Residential Lease. In addition, each new Resident will be required to enter into the applicable Residential Lease moving forward.

Forms of each of the Country Place Residential Lease, the Marley Park Lease, and the Space Coast Residential Lease are available in the Digital Investor Kit. EACH PROSPECTIVE INVESTOR SHOULD REVIEW THE SAMPLE RESIDENTIAL LEASES IN THEIR ENTIRETY, AS AVAILABLE IN THE DIGITAL INVESTOR KIT, BEFORE INVESTING. THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT PROVISIONS OF THE RESIDENTIAL LEASES. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT THEREOF.

Security Deposits

Each Resident must provide a security deposit in an amount determined by the Master Tenant, as landlord under the Residential Leases.

Repair, Maintenance and Alterations

Each Resident will agree to customary lease terms regarding conduct, including covenants to maintain and not damage the Units or the common areas. Residents are generally prohibited from performing any repairs, painting, wallpapering, carpeting, making electrical changes or otherwise altering the Property. Generally, each Resident will agree to reimburse the Master Tenant for any loss, damage, government fines, or cost of repairs or service at the Property incurred by the Master Tenant due to a violation of a Residential Lease or rules, improper use, or negligence by the Resident or his or her guests or occupants.

Fire and Casualty

The Master Tenant will not be liable to any Resident, guest, or occupant for personal injury or damage or loss of personal property from any cause, including but not limited to fire, smoke, rain, flood, water and pipe leaks, mold, hail, ice, snow, lightning, wind, explosions, earthquake, interruption of utilities, theft, or vandalism unless otherwise required by law.

Insurance

The Master Tenant will not maintain insurance to cover the personal property or personal injury of Residents. Residents are responsible for maintaining their own personal liability policies.

Assignment and Subletting

A Resident may not assign or sublet an Apartment Unit without the Master Tenant's prior written consent.

SUMMARY OF THE TRUST AGREEMENTS

The Parent Trust

The initial beneficiary of the Parent Trust is the Parent Depositor, Sun Belt Multifamily Portfolio III, L.L.C., a Delaware limited liability company and an affiliate of the Sponsor. The Corporation Trust Company, a Delaware corporation, serves as the Delaware Trustee of the Parent Trust and Sun Belt Multifamily Portfolio III Exchange, L.L.C., a Delaware limited liability company, serves as the Parent Signatory Trustee.

The purposes of the Parent Trust are (1) to own 100% of the beneficial interests in each of the Country Place Trust, the Marley Park Trust, and the Space Coast Trust, and (2) to conserve and protect the "Trust Property," as defined in the Parent Trust Agreement. The term "**Trust Property**" is defined in Parent Trust Agreement as all right, title and interest of the Parent Trust in and to any property contributed to the Parent Trust by the Parent Depositor or otherwise owned by the Parent Trust, including the beneficial interests in the Operating Trusts.

The Parent Trust Agreement is dated February 3, 2020 and will terminate on the earlier of December 31, 2070, or the sale or other disposition of the Trust Property, provided that the Loans have been repaid in full.

EACH PROSPECTIVE INVESTOR SHOULD REVIEW THE ENTIRE PARENT TRUST AGREEMENT, WHICH IS AVAILABLE IN THE DIGITAL INVESTOR KIT, BEFORE INVESTING. THE SUMMARY BELOW IS A SUMMARY OF SOME OF THE SIGNIFICANT PROVISIONS OF THE PARENT TRUST AGREEMENT. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT THEREOF.

The Operating Trusts

Country Place AZ Multifamily DST. The Trust Agreement of Country Place AZ Multifamily DST is dated February 3, 2020 (the "**Country Place Trust Agreement**"). The Country Place Trust Agreement will terminate on the earlier of December 31, 2070, or the sale or other disposition of the Country Place Property, provided that the Country Place

The Parent Trust is the beneficiary of, and owns 100% of the beneficial interests in, the Country Place Trust. The Corporation Trust Company, a Delaware corporation, is the Delaware trustee of the Country Place Trust, and Country Place AZ Multifamily Exchange, L.L.C., a Delaware limited liability company and an affiliate of the Sponsor, is the Country Place Signatory Trustee.

Marley Park AZ Multifamily DST. The Trust Agreement of Marley Park AZ Multifamily DST is dated February 3, 2020 (the "**Marley Park Trust Agreement**"). The Marley Park Trust Agreement will terminate on the earlier of December 31, 2070, or the sale or other disposition of the Marley Park Property, provided that the Marley Park Loan has been repaid in full.

The Parent Trust is the beneficiary of, and owns 100% of the beneficial interests in, the Marley Park Trust. The Corporation Trust Company, a Delaware corporation, serves as the Delaware trustee of the Marley Park Trust, and Marley Park AZ Multifamily Exchange, L.L.C., a Delaware limited liability company and an affiliate of the Sponsor, serves as the Marley Park Signatory Trustee.

Space Coast Multifamily DST. The Trust Agreement of Space Coast Multifamily DST is dated January 22, 2020 (the "**Space Coast Trust Agreement**"). The Space Coast Trust Agreement will terminate on the earlier of December 31, 2070, or the sale or other disposition of the Space Coast Property, provided that the KeyBank Loan has been repaid in full.

The Parent Trust will acquire and own 100% of the beneficial interests in the Space Coast Trust. The Corporation Trust Company, a Delaware corporation, serves as the Delaware trustee of the Space Coast Trust, and Space Coast Multifamily Exchange, L.L.C., a Delaware limited liability company and an affiliate of the Sponsor, serves as the Space Coast Signatory Trustee.

The purposes of the Operating Trusts are to: (1) hold fee title to the Properties; (2) comply with the terms of the Trust Agreements, the Loan Documents and the Master Leases; (3) conserve, protect, manage and dispose of

the Properties; and (4) take such other actions as the trustees of the Operating Trusts deem necessary or advisable to carry out such purposes.

Terms of the Parent Trust Agreement

The following is a summary of some of the significant provisions of the Parent Trust Agreement, and is qualified in its entirety by reference to the full Parent Trust Agreement. The Operating Trust Agreements are substantially similar to the Parent Trust Agreement, except as noted below.

Authority and Duties of the Parent Trustees

The Parent Trustees have the sole authority to manage, control, dispose of or otherwise deal with the Trust Property in a manner that is consistent with their duty to conserve and protect the Trust Property. The Parent Trustees are not individually liable for their actions except: (1) in the event of their own willful misconduct or gross negligence; (2) for the inaccuracy of their representation that the Parent Trust Agreement has been authorized, executed and delivered by each of the Parent Trustees; (3) for engaging in any Prohibited Action (as defined herein); (4) for their failure to use ordinary care in disbursing monies to Investors pursuant to the terms of the Parent Trust Agreement; and (5) for their own income taxes based on fees, commissions or compensation received in the capacity of Parent Trustees. The Parent Trustees are indemnified by the Parent Trust from and against any liabilities, losses, claims, suits and expenses (including reasonable legal fees) that may be incurred or asserted against the Parent Trustees in connection with the operation of the Parent Trust, the Trust Property or the Loan Documents. Such indemnification does not apply, however, if the claim, suit or liability results from any action of the Parent Trustees described in clauses (1) through (5) above. To the fullest extent permitted by law, the Parent Trustees are entitled to advancement of expenses incurred in defending a claim prior to its final disposition, subject to repayment if a court renders a final, non-appealable judgment that the applicable Parent Trustee is not entitled to indemnification.

The duties of the Delaware Trustee are limited to acting as Trustee in the State of Delaware to satisfy the requirement of the Delaware Statutory Trust Act that the Parent Trust have at least one Parent Trustee with a principal place of business in Delaware. All other duties reside with the Parent Signatory Trustee, including, but not limited to: (1) acquiring, owning, conserving, protecting, operating and selling the Trust Property; (2) entering into or assuming and complying with the terms of the Loan Documents or other Transaction Documents (as defined in the Parent Trust Agreement to include the Parent Trust Agreement and the Loan Documents); (3) collecting rents and making distributions in accordance with the Parent Trust Agreement; (4) entering into any agreement for purposes of completing tax-free exchanges of real property with any Qualified Intermediary as defined under Section 1031; (5) notifying the relevant parties of any default by them under the Transaction Documents; (6) solely to the extent necessitated by the bankruptcy or insolvency of a tenant, renegotiating any existing or entering into a new lease(s) with respect to the Properties or renegotiating or refinancing any debt secured by the Properties; (7) taking any actions required as part of a Transfer Distribution in accordance with the terms of the Parent Trust Agreement; and (8) taking any action, which in the reasoned opinion of Special Tax Counsel to the Parent Trust, should not have an adverse effect on the treatment of the Parent Trust as an "investment trust" within the meaning of Treasury Regulation 301.7701-4(c) or the Parent Depositor as a "grantor" within the meaning of Section 671.

The duties of the Operating Signatory Trustees are substantially the same as the duties of the Parent Signatory Trustee, except that the Operating Signatory Trustees have the additional duties of entering into Asset Management Agreements, and consenting to the exercise of any right held by the Lender, or to any proposed modification of any agreement affecting the respective Property (other than the Master Lease); provided, however, that any such right or obligation to the extent it exists may only be exercised to maintain the value of the Trust Property.

Compensation to the Trustees

Each Trust will pay the Delaware Trustee an initial fee, monthly fees, and document execution fees for their services. The Parent Signatory Trustee will serve in such capacity without compensation, but in the case of the Operating Trusts, the Operating Signatory Trustees also serve as the Asset Managers, and will be compensated in those capacities, as described in this Memorandum.

Limitation on Authority of the Trustees

To protect the tax-free exchange status for the Investors under Section 1031, the Parent Trust Agreement prohibits the Parent Trustees from taking any action to the extent that the effect of taking such action would constitute a power to "vary the investment" of the Investors under Treasury Regulations Section 301.7701-4(c)(1) and Revenue Ruling 2004-86 (any such action a "**Prohibited Action**"). Specifically, the Parent Trustees may not: (1) dispose of the Properties and acquire new real property or reinvest any of the monies of the Parent Trust except as provided in the Parent Trust Agreement; (2) renegotiate the terms of a Loan, enter into new financing or enter into a new lease or leases except in the event of a tenant's bankruptcy or insolvency; (3) make other than minor non-structural modifications to the Properties, other than as required by law; (4) after the formation and capitalization of the Parent Trust, accept any additional capital contributions from any Investor, or any contributions from any prospective new investor; or (5) take any other action that in the reasoned opinion of tax counsel to the Parent Trust should be expected to cause the Parent Trust to be treated as a "business entity" under Treasury Regulations Section 301.7701-3 for federal income tax purposes.

Authority of Investors

Because the Parent Trust Agreement was designed with the intent to meet the parameters of Revenue Ruling 2004-86 issued by the IRS and other relevant regulatory and judicial requirements with respect to the Delaware statutory trust, Investors are not permitted to have any vote over the operation and ownership of the Properties.

Distributions

The Investors will be entitled, based on their respective Interests, to monthly cash distributions, net of amounts required to pay and reimburse the Parent Trustees, pay debt service on the Loans and related expenses and retain amounts necessary to pay anticipated ordinary current and future expenses of the Parent Trust. Such cash flow, if available, will be distributed on a monthly basis. Amounts retained by the Parent Trust may be invested only in certain short-term government obligations or certificates of deposit in banks or trust companies having a minimum stated capital and surplus of $50,000,000.

Restrictions on Transfer of Interests

No Interest, or any portion thereof, may be assigned, pledged, encumbered or transferred without the prior consent of the Parent Signatory Trustee. The Parent Signatory Trustee's consent to each proposed transfer is subject to the sole discretion of the Parent Signatory Trustee, including without limitation, the satisfaction of the following, as determined by the Parent Signatory Trustee in its sole discretion: (1) the proposed transfer's compliance with all applicable securities laws; (2) the proposed transfer's compliance with all transfer restrictions and requirements stated in the Loan Documents, including that the transfer does not constitute an event of default under the Loan Documents; (3) a determination that the proposed transfer would not result in the Parent Trust having to register as an investment company under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), or require the Parent Trust or any Parent Trustee to register as an investment adviser under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"); (4) a determination that the proposed transfer would not cause the Trust Property to become "plan assets" (as defined in the Parent Trust Agreement); (5) the execution by the proposed transferor and transferee(s) of documents to effectuate the transfer that are satisfactory to the Parent Signatory Trustee; and (6) the payment of all expenses related to the proposed transfer by the transferor. See "*Risk Factors – Risks Related to the Offering – There is no public market for the Interests*" for additional discussion related to the restrictions on transfer.

Transfer Distributions and Springing LLCs

Parent Trust. Under the Parent Trust Agreement, if: (1) the Trust Property (or the property of any Operating Trust) is in jeopardy of being foreclosed upon due to a default on the Loan(s); (2) the Trust Property or any portion thereof (including the property of any Operating Trust) is subject to a casualty, condemnation or similar event, that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Trust Property (or the property of the Operating Trust, as applicable) to the same condition as previously existed; or (3) the Parent Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment in the Interests (collectively, the "**Transfer Distribution Triggering Events**"), and the Parent Signatory

Trustee is prohibited from taking actions to cure or mitigate such events because such action would "vary the investment" of the Investors, the Parent Signatory Trustee may take either of the following actions:

(a) to the extent that the circumstances described above apply to all of the Trust Property (i.e., all of the Properties owned by the Operating Trusts), the Parent Signatory Trustee will terminate the Parent Trust by converting it into a Springing LLC. If the Parent Trust is converted to a Springing LLC: (i) the Investors would become members of the Springing LLC that had formerly been the Parent Trust, owning an interest in the Springing LLC in proportion to their Interests in the Parent Trust; (ii) the Springing LLC that had formerly been the Parent Trust would in turn continue to be the sole member of each of the Springing LLCs that had formerly been the Operating Trusts, which Springing LLCs would in turn continue to own the Properties subject to the terms of the applicable Master Lease and Loan Documents; and (iii) the Parent Signatory Trustee would become the manager of the Springing LLC; or

(b) to the extent that the circumstances described above apply to less than all of the Trust Property (i.e., one of the Properties owned by the Operating Trusts), the Parent Trust will not terminate but rather, with respect to the Operating Trust to which such circumstances apply, the Parent Signatory Trustee will, in connection with the termination of such Operating Trust, distribute the interests in such Operating Trust to the Investors in partial liquidation of the Parent Trust.

Operating Trusts. The Operating Trust Agreements provide for similar Transfer Distribution Triggering Events. In the case of a conversion of an Operating Trust that does not also involve the conversion of the Parent Trust, such Operating Trust would convert into a Springing LLC and would then be distributed by the Parent Trust to the Investors, who would then own direct interests in the Springing LLC, such Springing LLC would continue to own its Property subject to the terms of its Master Lease and the respective Loan Documents, and the Signatory Trustee of such Operating Trust would become the manager of such Springing LLC.

As a result of any of the foregoing transactions, actions could be taken to conserve and protect the at-risk Properties that could not have been taken otherwise.

Investor Liability and Bankruptcy

Investors will not have liability for the debts or obligations of the Parent Trust or any other Investor, whether with respect to the Properties or otherwise, and the Parent Trust Agreement will not be terminated by reason of the bankruptcy or insolvency of any Investor.

Tax Status of the Parent Trust and the Operating Trusts

The Trust Agreements provide that the Parent Trust and the Operating Trusts are each intended to qualify as an "investment trust" and a "grantor trust" for federal income tax purposes, and not as a partnership or other business entity. Thus, although each Trust is respected as a separate entity for state law purposes, each Investor should be treated as owning a direct interest in the Properties for purposes of Section 1031. See "*Federal Income Tax Consequences.*" Each Investor will be required to report his, her, or its Interests in the Parent Trust in a manner that is consistent with the foregoing.

Non-Disclosure of Information

Under the Parent Trust Agreement, each Investor will agree to keep confidential and not disclose to any person (except to its employees, attorneys, advisors and other representatives who reasonably need to know and who likewise will agree to keep confidential and not disclose), any of the information furnished or made available to it or otherwise obtained by it from or on behalf of the Parent Trust, without the prior written approval of the Parent Signatory Trustee, except if disclosure is required pursuant to a request the failure with which to comply could result in the imposition of sanctions by a court.

MARKET ANALYSIS AND OVERVIEW

The following marketing information is excerpted from the Appraisal Reports from Cushman and Wakefield of Arizona, Inc. ("**Cushman & Wakefield**") with respect to the Country Place Property and Marley Park Property and from CBRE, Inc. ("**CBRE**") with respect to the Space Coast Property (each, an "**Appraisal**" and collectively, the "**Appraisals**"), copies of which are included in the Digital Investor Kit. The Appraisals were compiled using data and information obtained from various third-party services. The Appraisals, the data used to compile them, and the results that they predict, are by definition somewhat subjective and may be subject to various interpretations.

Based upon the foregoing, this information may not accurately reflect or predict all information relevant to the market area or the Properties. In addition, the Parent Trust has not independently verified any of the data included in the Appraisals. However, the Parent Trust has revised portions of the appraisal included in this "*Market Analysis and Overview*" section to eliminate typographical errors, to eliminate duplicative language and to conform to the definitions contained in this Memorandum.

The market analysis and overview for each Property includes:

- a Regional Analysis, which provides an overview regarding the region in which the Properties are located;
- a Neighborhood Analysis, which describes the neighborhood in which the Properties are located; and
- a Market Analysis.

Country Place Property and Marley Park Property

Regional Analysis

The Phoenix-Mesa-Scottsdale Core Based Statistical Area (the "**Phoenix CBSA**") is in south central Arizona and includes Maricopa and Pinal Counties. Located in Maricopa County, Phoenix is the capital of the state, and the largest incorporated area within the Phoenix CBSA, with a population of 4.7 million. Commonly referred to as the "Valley of the Sun", Phoenix has a warm climate with optimal weather most of the year, making the region a desirable location for residents and winter visitors alike. Due to its central location in the rapidly growing southwestern quadrant of the United States, Phoenix has evolved into a commercial and distribution hub. During the past three decades, the area's low business costs, housing affordability, and proximity to major southern California markets such as Los Angeles and San Diego, have made it an appealing business-friendly environment.

Current Trends. Phoenix's year-ago employment growth clocked in at 3%, a pace that was more than 1.5 times that of the United States and the Western United States. Furthermore, job growth in Phoenix has been steady in the past year even as it has decelerated in parts of the Western United States. Most industries are outperforming their national and regional counterparts, with population-dependent industries such as construction and healthcare leading the way. Labor force additions are among the fastest in the country as the booming economy has lifted in-migration and led to an uptick in labor force participation. The unemployment rate has risen slightly this year to 4.4%. House prices are rising faster than nationally, but higher prices have not boosted homebuilding.

Demographic Characteristics. Phoenix's demographic traits closely resemble the national average. While the region is known as a retirement haven, the area has become increasingly popular with young families and upwardly mobile professionals. The median age is 37 years, one year younger than the national average. Income levels in Phoenix trend alongside the national average with a median household income measuring $59,310 per year. In terms of education, 29.3% of Phoenix's population has a bachelor degree or higher, slightly below the educational attainment of 29.9% for the nation.

Population. Phoenix exhibited very robust population growth, outpacing both the state and national average. Between 2008 and 2018, the Phoenix CBSA's population increased by 1.7%. Rapid population gains are a major economic driver for the local economy, supporting the outsized concentrations of housing-related industries, as well as healthcare, hospitality and retail. Through 2023, average annual population growth is forecast at 2% growth annually.

Between 2008 and 2018, the larger, more-established Maricopa County experienced a much slower pace of average annual population growth than the smaller Pinal County, at 1.6% versus 2.9%, respectively. Maricopa County is forecast to average 1.9%, still behind Pinal County's growth of 2.6% annually through 2023.

Households. Household formation typically trends alongside population growth; however, the Phoenix CBSA population grew at a slightly faster rate over the past decade. Robust in-migration and solid population gains are expected to translate to a rise in household formation going forward. Moody's Analytics projects household formation to grow at an annual rate of 2.1% between 2019 and 2023, pulling slightly ahead of population growth. Demographers expect the U.S. economy will experience a sharp upward increase in household formations as the millennial generation (those born roughly between 1982 and 2004 roughly) reaches maturity. This upward trend in home sales and subsequent growth in household formation have been supported by steadily increasing household income levels, although shy of the growth levels reported by the nation, and various sociological factors, including increasing divorce rates and young professionals postponing marriage.

Employment. The Phoenix CBSA's larger employers add diversity to the region and span several industries. The healthcare, technology, manufacturing, distribution, retail, and energy industries are important sectors to the region. The Phoenix region is currently home to four of the nation's Fortune 500 corporations: Avnet (165), Freeport-McMoRan Copper & Gold Inc. (170), Republic Services (314), and ON Semiconductor (485).

The following table lists the Phoenix CBSA's largest employers and illustrates the region's diverse employment base:

LARGEST EMPLOYERS
Phoenix-Mesa-Scottsdale, AZ

Company	No. of Employees	Business Type
Banner Health System	36,310	Healthcare
Wal-Mart Stores Inc.	34,776	Retail
Wells Fargo	14,818	Finance/Banking
Arizona State University	12,715	Education
HonorHealth	11,296	Healthcare
Dignity Health	11,182	Healthcare
Intel Corp.	11,000	Technology
JP Morgan Chase & Co.	10,600	Finance/Banking
Bank of America	10,000	Finance/Banking
Raytheon Missile Systems	9,600	Defense

Source: Phoenix Business Journal Book of Lists

Country Place Property – Neighborhood Analysis

Location. The Country Place Property is located in the city of Phoenix within the urban village known as Estrella. The local market area boundaries are represented by the boundaries of the Estrella village, which are generally represented by Interstate 10 to the north, the Salt River to the south, Interstate 17 to the east and 107th Avenue to the west. Although similarly named, the urban village of Estrella does not include the Estrella master-planned community comprising 20,000 acres in the community of Goodyear to the west.

Land Use. The Country Place Property neighborhood is considered a medium density growing neighborhood that consists primarily of light and heavy industrial uses, which take advantage of the proximity to Union Pacific rail service and the Papago Freeway (Interstate 10). Retail and commercial uses primarily along the major arterial roads and there are various single-family residential subdivisions and various multifamily projects. However, this is primarily an industrial area.

Industrial and Flex Development. The Country Place Property's industrial market consists of older industrial properties to the northeast and newer properties towards the south and west. Many industrial parks enhance the area and provide good quality single-tenant and multi-tenant industrial offices, warehouses and contractor yards. Within the past few years a resurgence in large distribution warehouses has occurred in response to high demand from e-retailers and logistic companies transferring from out-of-state markets. Available vacant land remains plentiful and many newly constructed and some under construction properties dot the area.

Residential Development. The residential improvements were built primarily in the 1980s to 2000s and are predominantly in average condition and of average quality. The residential area is mature and about 85% built out; however, there are several parcels of land available for new development. Most of the land available for development is located west of 51st Avenue. The area benefits from good access characteristics given the proximity to Interstate 10, which is connected several north-south streets in the neighborhood from 107th Avenue to 27th Avenue. This facilitates transit/distribution uses for the industrial operations in the area.

Single-family residential housing, which comprises a portion of the area's development away from the primary commercial corridors and highways, is predominantly in the price range of $100,000 to $200,000, falling well below the county average due to the industrial nature of the area. The Country Place Property neighborhood is, however, situated in close proximity to major employment centers and is a short commute to downtown Phoenix.

Access. Area roads are laid out on a grid system, with primary roads typically running north-south and east-west on section lines, every mile. Secondary roads are present in some locations on half or quarter section lines that provide access to the interior of the squares formed by the section line roads.

The neighborhood has a good network of local thoroughfares. 107th Avenue, 99th Avenue, 91st Avenue, 83rd Avenue, 75th Avenue, 67th Avenue, 51st Avenue, 433rd Avenue, 35th Avenue, 27th Avenue and 19th Avenue are the primary north/south thoroughfares and provide access to Interstate 10 and the neighborhood streets towards the north. Van Buren Street, Buckeye Road, Lower Buckeye Road, Broadway Road and Southern Avenue are the primary east/west thoroughfares.

Interstate 10 towards the north and Interstate 17 to the east are the primary traffic arteries in the Phoenix region. Interstates 17 provides access to most of south Phoenix while Interstate 10 provides access to Interstate 17 and State Route 101 towards the east.

Interstate 10 is the closest freeway and travels east / west through the neighborhood. It is the major commercial thoroughfare through the central business district. It carries the bulk of all commercial freight traffic in the region as well as much of the workforce commute from downtown Phoenix to the Southeast Valley. It continues to the south towards Tucson and points east, nationally. To the west, it terminates in Los Angeles making it vitally important to international trade.

The southern portion of Loop 202, known as the South Mountain Freeway, was opened in 2019 and connects to Interstate 10 near 59th Avenue. This new freeway loops around the south side of South Mountain, following the Pecos Road alignment east and connecting with Interstate 10 again after it turns south towards Tucson.

Country Place Property – Market Analysis

Population. Experian Marketing Solutions, Inc. ("**Experian**") reports that, between 2000 and 2019, the population within the primary trade area (3.0-mile radius) increased at a compound annual rate of 2.44%. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area (5.0-mile radius), population is expected to increase 0.73% per annum over the next five years.

The following table contains a graphic representation of the current population distribution within the Country Place Property's region.

DEMOGRAPHIC SUMMARY			
POPULATION STATISTICS	**1 Mile Radius**	**3 Mile Radius**	**5 Mile Radius**
2000	1,075	67,812	178,562
2019	8,280	107,204	310,662
2024	8,416	108,681	322,188
Compound Annual Change			
2000 – 2019	11.34%	2.44%	2.96%
2019 – 2024	0.33%	0.27%	0.73%
HOUSEHOLD STATISTICS			
2000	333	20,036	52,049
2019	2,477	32,461	89,811

2024	2,593	33,297	93,594
Compound Annual Change			
2000 – 2019	11.14%	2.57%	2.91%
2019 – 2024	0.92%	0.51%	0.83%
AVERAGE HOUSEHOLD INCOME			
2000	$64,435	$55,000	$51,120
2019	$73,376	$65,480	$66,778
2024	$83,299	$74,096	$75,989
Compound Annual Change			
2000 – 2019	0.69%	0.92%	1.42%
2019 – 2024	2.57%	2.50%	2.62%
OCCUPANCY			
Owner Occupied	40.02%	51.85%	53.86%
Renter Occupied	59.98%	48.15%	46.14%

Households. According to Experian, the primary trade area grew at a compound annual rate of 2.57% between 2000 and 2019. Consistent with national trends the trade area is experiencing household changes at a rate that varies from population changes. That pace is expected to continue through 2024, and is estimated at 0.51%.

Correspondingly, a greater number of smaller households with fewer children generally indicates more disposable income. In 2000, there were 3.38 persons per household in the primary trade area and by 2019, this number is estimated to have decreased to 3.29 persons. Through 2024, the average number of persons per household is forecasted to decline to 3.25 persons.

Average Household Income. Trade area income figures for the Country Place Property support the profile of a middle to upper-income market. According to Experian, average household income within the primary trade area in 2019 was approximately $65,480, which is 74.23% of the CBSA average ($88,214) and 82.34% of the state average ($79,524).

Further analysis shows a relatively broad-based distribution of income. This information is summarized as follows:

HOUSEHOLD INCOME DISTRIBUTION

Category	1 Mile Radius	3 Mile Radius	5 Mile Radius
$150,000 or more	6.22%	4.16%	4.88%
$125,000 to $149,999	4.72%	4.35%	4.20%
$100,000 to $124,999	11.91%	8.06%	8.42%
$75,000 to $99,999	13.77%	14.65%	14.36%
$50,000 to $74,999	25.64%	23.48%	23.37%
$35,000 to $49,999	16.11%	17.36%	15.70%
$25,000 to $34,999	10.42%	11.85%	11.07%
$15,000 to $24,999	5.57%	7.80%	9.09%
Under $15,000	5.65%	8.30%	8.90%

Competitive Properties. Comparable properties were surveyed in order to identify the current occupancy within the Country Place Property's competitive market. The comparable data is summarized in the following table.

SUMMARY OF COMPARABLE APARTMENT RENTALS

Comp. No.	Property Name	Year Built	Occ	No. Units	Avg. Unit Size (SF)
1	Avilla Meadows 15400 West Waddell Road, Surprise, AZ	2019	94.0%	127	958
2	The Bungalows on Olive 8201 West Olive Avenue, Peoria, AZ	2018	97.0%	153	954

3	Avilla Camelback Ranch 10770 West Highland Avenue, Phoenix, AZ	2019	96.0%	127	963
4	Palm Valley Villas 4200 North Falcon Drive, Goodyear, AZ	2016	94.0%	125	962
Subj.	Country Place Property	2019	93.5%	154	907

Compiled by Cushman & Wakefield

Comparable Sales. The following table summarizes the comparable data used in the valuation of the Country Place Property.

SUMMARY OF IMPROVED SALES

No.	Name	Transaction Type	Transaction Date	Year Built	Number of Units	Actual Sale Price	Price Per Unit	Occ.	NOI Per Unit	OAR
1	Velaire at Aspera 7700 West Aspera Boulevard, Glendale, AZ	Sale	Jul-18	2016	286	$64,350,000	$225,000	99%	$10,800	4.80%
2	Jefferson Chandler 3950 West Chandler, Boulevard Chandler, AZ	Sale	Jul-19	2018	284	$69,250,000	$243,838	93%	$12,168	4.99%
3	Bella Vista Townhomes 7677 West paradise Lane, Peoria, AZ	Sale	Jul-19	2006	163	$34,550,000	$211,963	95%	$8,902	4.20%
4	San Marquis 577 East Baseline Road, Tempe, AZ	Sale	Aug-19	2012	224	$58,500,000	$261,161	96%	$11,752	4.50%
5	Remington Ranch Apartments 12740 West Indian School Rd, Litchfield Park, AZ	Sale	Aug-19	2003	304	$58,500,000	$192,434	95%	---	---
6	Biscayne Bay 300 E. Warner Road, Chandler, AZ	Sale	Sep-19	2000	512	$110,250,000	$215,332	95%	$9,259	4.30%
Subj. Pro Forma	Country Place Property	---	---	2019	154	---	---	93.5%	$12,129	---

Compiled by Cushman & Wakefield

Marley Park Property – Neighborhood Analysis

Location. The Marley Park Property is located in the community of Surprise. This area is located in the northwestern portion of the metropolitan Phoenix area. The area includes new housing for families as well as a large retirement community, Sun City Grand.

Surprise is located in the Northwest Valley of the Greater Phoenix Valley. Surprise has been one of the fastest-growing cities in the nation, with the city's population growing by nearly 400% during the past 15 years. This rapid growth has taken the city from a population of approximately 30,000 at the 2000 census to more than 130,000 today.

Land Use. The Marley Park Property is located in the northwest quadrant of metropolitan Phoenix within the city limits of Surprise. It is within the Northwest Valley submarket, which includes a large portion of Surprise, Peoria, and Glendale. In general, the neighborhood could by characterized by its transition from an agricultural and native desert area to a growing residential community of new homes and supportive commercial developments. The Marley Park Property neighborhood is full of master-planned communities. These master-planned communities typically include minor residential amenities such as parks and playgrounds for children, and recreation centers for seniors.

Residential. The majority of the residential properties within a three-mile radius of the Marley Park Property are single-family homes found in master-planned communities. Single-family residential housing, which comprises a portion of the area's development away from the primary commercial corridors and highways, is predominantly in the price range of $150,000 to $250,000, falling below the county average due to the outlying nature of the area. The Marley Park Property neighborhood is, however, situated in close proximity to major employment centers and is a short commute to downtown Phoenix.

Economy. The primary employment sectors in Surprise match the growing population. Industries such as consumer services, retail, healthcare, education, and local government are among the leading sectors for employment in the city.

To this point in the development cycle, the initial development phases have largely been for industrial and distribution users. SeaCa Packaging is one such company that is coming to Surprise. The company is building a 160,000-square foot manufacturing facility in the city that is slated to bring approximately 65 new jobs when it opens in 2020.

One of the world's largest companies is establishing a significant presence in Surprise. In two separate transactions, tech giant Microsoft acquired more than 400 acres of land in the 1,600-acre PV303 Business Park. While Microsoft's formal plans for the large land parcels are unknown, the Surprise City Council has approved plans allowing Microsoft to participate in a self-certifying program that will speed up the traditional construction timelines for the first two buildings to start. The area is becoming an increasingly popular area for data center developers, and that is the early indication of Microsoft's intention for the recently acquired land parcels.

In the coming years, a new development is expected to position Surprise to be in the first position to attract new high-wage employers. The city has partnered with Globe Corp. to build Surprise Civic Square, which would house a new City Hall, library, public park and also a "spec" Class A office building.

Recreation. The city is the spring training home of the Kansas City Royals and the Texas Rangers baseball teams. These Major League Baseball teams use Surprise Stadium for their activities. The city also hosted a Golden Baseball League team in 2005, the Surprise Fightin' Falcons and the Recreation Campus ballpark and is the home city for a team in the Arizona Fall League, the Surprise Saguaros. It also hosted ESPN SportsCenter's 50 States in 50 Days segment on August 11, 2005.

As part of the city's Recreation Campus, Surprise is also home to the Surprise Tennis and Racquet Complex. Since its opening in August 2007, the complex has received numerous awards, including being named the 2008 Outstanding Facility of the year award by the United States Tenant Association ("**USTA**"). The complex hosts various professional events throughout the year, including the Outback Champion Series tour, a USTA Pro Circuit event, and many USTA regional and sectional events. In 2009 the complex was chosen as the site for the Fed Cup Quarter Final between the United States and Argentina.

Access. Area roads are laid out on a grid system, with primary roads typically running north-south and east-west on section lines, every mile. Secondary roads are present in some locations on half or quarter section lines that provide access to the interior of the squares formed by the section line roads.

Surprise is benefiting from a major infrastructure improvement in the West Valley, with the extension of the Loop 303 that connects the North-South Interstate 17 to the East-West Interstate 10 and runs through the western boundary of the city of Surprise. The Loop 101 makes a similar directional trek several miles to the east.

Valley Metro operates bus routes around the Phoenix area as well as operates Metro Light Rail, a 26.3-mile route between the cities of Phoenix, Tempe, and Mesa. The Metro Light Rail system was most recently expanded in 2018, with four additional extensions in the design or pre-construction phases, with expected opening dates until 2030. Future extensions include service to Metrocenter Mall, the Arizona State Capitol building and Baseline Road.

Marley Park Property – Market Analysis

Population. Experian reports that, between 2000 and 2019, the population within the primary trade area (3.0-mile radius) increased at a compound annual rate of 10.25%. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area (5.0-mile radius), population is expected to increase 1.41% per annum over the next five years.

The following table contains a graphic representation of the current population distribution within the Marley Park Property's region.

DEMOGRAPHIC SUMMARY			
POPULATION STATISTICS	**1 Mile Radius**	**3 Mile Radius**	**5 Mile Radius**
2000	384	13,832	64,225
2019	15,313	88,319	195,189
2024	17,221	95,456	209,377
Compound Annual Change			
2000 – 2019	21.41%	10.25%	6.02%
2019 – 2024	2.38%	1.57%	1.41%
HOUSEHOLD STATISTICS			
2000	146	4,974	28,584
2019	4,743	29,251	74,628
2024	5,261	31,611	79,753
Compound Annual Change			
2000 – 2019	20.11%	9.77%	5.18%
2019 – 2024	2.09%	1.56%	1.34%
AVERAGE HOUSEHOLD INCOME			
2000	$50,180	$50,626	$48,760
2019	$86,985	$78,106	$71,425
2024	$97,709	$88,421	$81,787
Compound Annual Change			
2000 – 2019	2.94%	2.31%	2.03%
2019 – 2024	2.35%	2.51%	2.75%
OCCUPANCY			
Owner Occupied	71.58%	67.67%	71.41%
Renter Occupied	28.42%	32.33%	28.59%

Source: © 2019 Experian Marketing Solutions, Inc. •All rights reserved

Households. According to Experian, the primary trade area grew at a compound annual rate of 9.77% between 2000 and 2019. Consistent with national trends the trade area is experiencing household changes at a rate that varies from population changes. That pace is expected to continue through 2024, and is estimated at 1.56%.

Correspondingly, a greater number of smaller households with fewer children generally indicates more disposable income. In 2000, there were 2.78 persons per household in the primary trade area and by 2019, this number is estimated to have increased to 3.03 persons. Through 2024, the average number of persons per household is forecasted to decline to 3.03 persons.

Average Household Income. Trade area income figures for the Marley Park Property support the profile of a middle to upper-income market. According to Experian, average household income within the primary trade area in 2019 was approximately $78,106, which is 88.54% of the CBSA average ($88,214) and 98.22% of the state average ($79,524).

Further analysis shows a relatively broad-based distribution of income. This information is summarized as follows:

HOUSEHOLD INCOME DISTRIBUTION			
Category	1 Mile Radius	3 Mile Radius	5 Mile Radius
$150,000 or more	8.48%	6.55%	5.60%
$125,000 to $149,999	7.67%	5.80%	4.75%
$100,000 to $124,999	13.39%	11.40%	9.19%
$75,000 to $99,999	20.83%	19.23%	16.11%
$50,000 to $74,999	24.20%	24.31%	22.82%
$35,000 to $49,999	12.38%	13.84%	15.00%
$25,000 to $34,999	6.24%	8.61%	10.42%
$15,000 to $24,999	2.91%	5.20%	8.69%
Under $15,000	3.90%	5.06%	7.41%

Competitive Properties. Comparable properties were surveyed in order to identify the current occupancy within the Markley Park Property's competitive market. The comparable data is summarized in the following table.

SUMMARY OF COMPARABLE APARTMENT RENTALS					
Comp. No.	Property Name	Year Built	Occ	No. Units	Avg. Unit Size (SF)
1	Avilla Meadows 15400 West Waddell Road, Surprise, AZ	2019	94.0%	127	958
2	The Bungalows on Olive 8201 West Olive Avenue, Peoria, AZ	2018	97.0%	153	954
3	Avilla Camelback Ranch 10770 West Highland Avenue, Phoenix, AZ	2019	96.0%	127	963
4	Palm Valley Villas 4200 North Falcon Drive, Goodyear, AZ	2016	94.0%	125	962
Subj.	Marley Park Property	2019	---	173	891

Compiled by Cushman & Wakefield

Comparable Sales. The following table summarizes the comparable data used in the valuation of the Marley Park Property.

SUMMARY OF IMPROVED SALES										
No.	Name	Transaction Type	Transaction Date	Year Built	Number of Units	Actual Sale Price	Price Per Unit	Occ.	NOI Per Unit	OAR
1	Velaire at Aspera 7700 West Aspera Boulevard, Glendale, AZ	Sale	Jul-18	2016	286	$64,350,000	$225,000	99%	$10,800	4.80%
2	Jefferson Chandler 3950 West Chandler, Boulevard Chandler, AZ	Sale	Jul-19	2018	284	$69,250,000	$243,838	93%	$12,168	4.99%
3	Bella Vista Townhomes 7677 West paradise Lane, Peoria, AZ	Sale	Jul-19	2006	163	$34,550,000	$211,963	95%	$8,902	4.20%
4	San Marquis 577 East Baseline Road, Tempe, AZ	Sale	Aug-19	2012	224	$58,500,000	$261,161	96%	$11,752	4.50%
5	Remington Ranch Apartments 12740 West Indian School Rd, Litchfield Park, AZ	Sale	Aug-19	2003	304	$58,500,000	$192,434	95%	---	---

6	Biscayne Bay 300 E. Warner Road, Chandler, AZ	Sale	Sep-19	2000	512	$110,250,000	$215,332	95%	$9,259	4.30%
Subj. Pro Forma	Marley Park Property	---	---	2019	173	---	---	---	$11,926	---

Compiled by Cushman & Wakefield

Space Coast Property

Regional Analysis

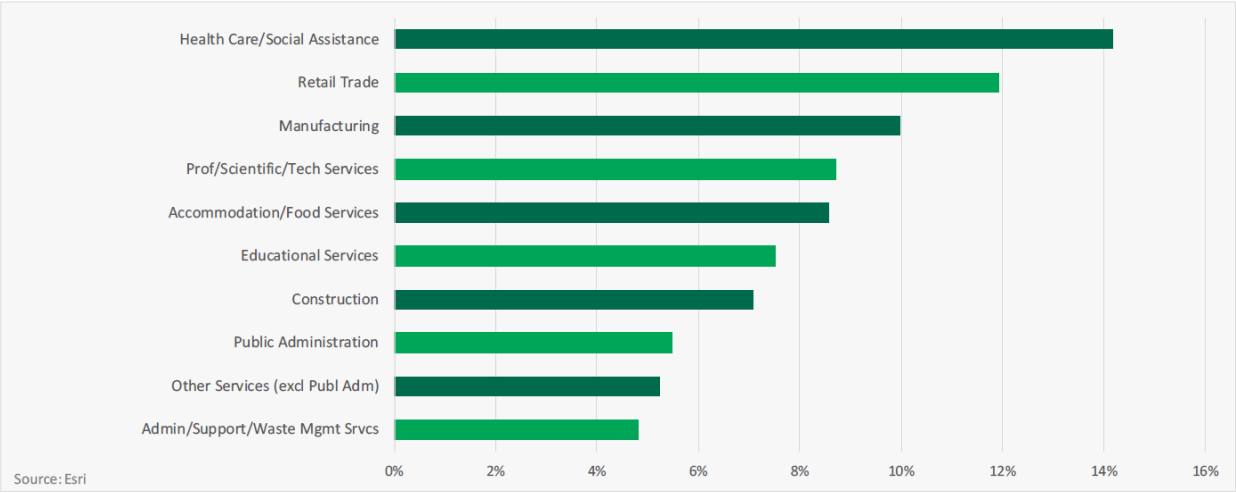
The Space Coast Property is located in the Melbourne MSA.

Population. The area has a population of 604,494 and a median age of 48, with the largest population group in the 50-59 age range and the smallest population in 80+ age range.

Population has increased by 61,118 since 2010, reflecting an annual increase of 1.2%. Population is projected to increase by an additional 36,586 by 2024, reflecting 1.2% annual population growth.

Income. The area features an average household income of $75,779 and a median household income of $54,225. Over the next five years, median household income is expected to increase by 11.2%, or $1,213 per annum.

Employment. The area includes a total of 263,852 employees and has a 4.5% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Retail Trade and Manufacturing, which represent a combined total of 36% of the population.



Melbourne MSA Economic Profile. Centrally located on Florida's Atlantic Coast, the Melbourne MSA and its Space Coast are perhaps most well-known for hosting Kennedy Space Center and Cape Canaveral Air Force Station. Melbourne proper is the primary economic driver of Brevard County (Titusville and Palm Bay also fall within Brevard), largely due to its outsized proportion of high tech, high-wage jobs.

In the years before the recession, Melbourne benefited from job growth well above the national average. However, it was hit particularly hard during the downturn, suffering a similar fate as many Florida metros that saw an outsized housing boom and subsequently harder landing. Additionally, after the economy improved in line with the national average from 2009–10, the Melbourne MSA was negatively impacted again when thousands of workers lost their jobs from the elimination of the NASA space shuttle program in 2011.

Melbourne finally began to recover in 2014 with solid employment growth, and has continued to outperform the nation since then. Over the past two years, job growth has been roughly twice the national average.

Dynamic industries like commercial space travel and rocket/satellite production set Melbourne up for continued growth, and the hottest area of Melbourne is without a doubt the Space Coast. Perhaps one of the most significant upcoming developments is Washington-based Blue Origin's $205 million rocket assembly plant in Exploration Park. Blue Origin is owned by Amazon.com Inc.'s Jeff Bezos and expects to launch rockets by 2022 from the Cape Canaveral Air Force Station's Launch Complex 36. The 750,000 square foot facility is expected to deliver over 330 high-wage jobs, with an average salary of $89,000, to the Melbourne MSA and has begun moving employees into their new location.

In another recent Exploration Park project, OneWeb delivered a 120,000 square foot facility to construct and launch satellites. It plans to over 250 high-wage jobs upon full realization, with average salaries projected at $86,000.

The Melbourne MSA's economy is also heavily influenced by manufacturing and government employment. In fact, its international airport is on the site of the former Naval Air Station Melbourne, established to train U.S. Navy and Marine pilots during World War II. Similar ties still exist, but primarily through defense and technology contractors. For example, among the Melbourne MSA's largest employers are the defense contractors Harris Corporation and ARES Defense Systems, which develop telecommunications equipment and advanced firearms, respectively, for the government and are headquartered in Melbourne.

Similar companies have also established a presence in the area, including the global defense contractor Northrop Grumman, currently undergoing a 500,000 square foot expansion at Melbourne International airport, and Lockheed Martin, currently relocating 300 employees from California to staff their expanded Fleet Ballistic Missiles Program in Cape Canaveral. The expansion is expected to add over 2,000 jobs, at an average salary of about $100,000. Consequently, Melbourne has a high concentration of high-tech workers and very specialized jobs. STEM job growth prospects for the future appear bright as well, as reflected by Boeing's 2019 announcement it was relocating its Space and Launch division headquarters from Arlington, Virginia to Titusville.

Despite the recent overall job growth success, Melbourne's unemployment rate could still face upward pressure from limited yet significant job losses. For example, Sea Ray Boats recently shuttered operations on Merritt Island and laying off nearly 400 workers.

Port Canaveral, the world's second-busiest cruise port in the world as measured by passengers, is home to numerous cruise lines, such as Carnival, Disney, Norwegian, and Royal Caribbean. The port also has an improving cargo trade with 6.4 million tons passing through in fiscal year 2018 and breaking the $10 million mark in revenue for the first time. Port Canaveral has invested significant capital recently to expand capabilities by dredging and widening the channel and is currently redeveloping Cruise Terminal 3 to make way for a $150 million cruise terminal and parking structure.

Neighborhood Analysis

Location. The Space Coast Property is located within unincorporated Brevard County.

Land Use. The Space Coast Property neighborhood consists primarily of a mixture of residential and retail uses. Most properties have been built since 1980 and are maintained in good condition. The primary influence on the neighborhood is the Viera Development of Regional Impact ("**DRI**"). Viera is located south of the Space Coast Property and is a major planned mixed-use development located on both sides of Interstate 95, north of Wickham Road. The original Viera DRI was approved in the early 1990s. To date, the DRI has been formally approved for entitlements for 31,619 residential dwelling units, of which approximately 10,000 units have been constructed, implying ample available land for future expansion.

Other notable planned residential developments in the area include Suntree and Baytree, which both feature 18-hole golf courses. These developments are on the south side of Wickham Road, east of Interstate 95.

Single-family home development within the Space Coast Property neighborhood consists primarily of tract and semi-custom housing in gated subdivisions with a predominant value range of $150,000 to $400,000. The 2019 median home value within a 3-mile radius of the Property was $280,036.

Major employers within the immediate Space Coast Property neighborhood include the Avenue at Viera lifestyle center/mall, the Brevard County Governmental Complex and VA Outpatient Clinic. Nearby major employers include The Harris Corporation, Patrick Air Force Base, Health First, United Space Alliance, 45th Space Wing (host organization for Patrick Air Force Base and Cape Canaveral Air Force Station), Lockheed Martin, Wuesthoff Health Systems and Northrop Grumman.

Growth Patterns. The general growth pattern has been from east to west, due to the natural barrier formed by the Indian River and improved access made by Interstate 95. The Wickham Road commercial corridor east of Interstate 95 is now almost fully developed; as a result, the majority of new development is occurring west of Interstate 95, north of Wickham Road. Access to the west side of Interstate 95 was increased significantly by the recent completion of the Viera Boulevard flyover over Interstate 95. Viera Boulevard formerly terminated east of Interstate 95. In addition, a full interchange at Viera Boulevard has been recently completed. This interchange is expected to relieve the significant traffic at Wickham Road to the south and Fiske Boulevard to the north, and will greatly improve access to developments within Viera.

Notable new commercial development in the neighborhood includes a new Publix anchored shopping center, located at the northwest corner of Stadium Parkway and Viera Boulevard, as well as a new shopping center anchored by TJ Maxx/HomeGoods, Total Wine and Ulta, which was constructed just south of The Avenue Viera lifestyle center/mall.

Additionally, several new apartment complexes have been constructed within the past 3 years including Marisol at Viera (282 units, built in 2016), Artistry at Viera (259 units, built in 2018) and the Space Coast Property Centre Point (272 units, built in 2019).

The Avenue at Viera is a 415,000 square foot lifestyle center, located west of Interstate 95 and north of Wickham Road in Viera, which opened in 2004 and includes big box retailers including Belk, Kohls, a 16-screen AMC movie theater, as well as specialty retailers including Bed, Bath & Beyond, World Market, Michaels, Books a Million and Old Navy. In addition, there are various restaurant, bank, and strip retail outparcels.

A significant employment base for the area is the Viera Health Park, a 50-acre health campus, in which there are three main projects: (1) the Pro-Health & Wellness Center, which is a 68,000 square foot health, wellness and medical rehabilitation center; (2) the Medical Plaza at Viera Health Park with approximately 78,000 square feet that houses multi-practice physicians and an imaging and acute care center; and (3) the Viera Hospital, which consists of 250,000 square feet and houses 100 in-patient beds and a 24-hour emergency department.

Access. Regional access is provided via Interstate 95 with interchanges at Wickham Road to the south and at Fiske Boulevard to the north, with a proposed interchange along Viera Boulevard located south of the Space Coast Property. Fiske Boulevard, Murrell Road, Viera Boulevard, Lake Andrew Drive, Stadium Parkway and Wickham Road are the primary commercial thoroughfares for the neighborhood. These are four and six-lane thoroughfares. Overall, neighborhood access is considered good.

Demographics. The following table contains a graphic representation of the current population distribution within the Space Coast Property's region.

SELECTED NEIGHBORHOOD DEMOGRAPHICS

	1 Mile Radius	3 Mile Radius	5 Mile Radius
Population			
2024 Total Population	6,031	43,290	74,862
2019 Total Population	5,277	39,312	68,865
2010 Total Population	2,999	29,862	56,530
2000 Total Population	1,394	15,392	32,429
Annual Growth 2019 – 2024	2.71%	1.95%	1.68%
Annual Growth 2010 – 2019	6.48%	3.10%	2.22%
Annual Growth 2000 - 2010	7.96%	6.85%	5.71%
Households			
2024 Total Households	2,442	18,359	30,548
2019 Total Households	2,136	16,749	28,194

2010 Total Households	1,249	13,023	23,516
2000 Total Households	522	6,726	13,248
Annual Growth 2019 – 2024	2.71%	1.85%	1.62%
Annual Growth 2010 – 2019	6.14%	2.84%	2.04%
Annual Growth 2000 - 2010	9.12%	6.83%	5.91%
Income			
2019 Median Household Income	$77,175	$76,627	$77,829
2019 Average Household Income	$96,835	$98,023	$101,466
2019 Per Capita Income	$39,221	$41,506	$41,897
2019 Pop 25+ College Graduates	1,698	13,758	23,192
2019 25+ Percent College Graduates - 2019	43.9%	46.1%	44.6%

Source: ESRI

Income Distributions. The following table illustrates estimated household income distribution for the Space Coast Property neighborhood.

SELECTED NEIGHBORHOOD DEMOGRAPHICS

	1 Mile Radius	3 Mile Radius	5 Mile Radius
Households by Income Distribution (2019)			
<$15,000	4.79%	4.73%	4.65%
$15,000 - $24,999	4.05%	5.00%	4.96%
$25,000 - $34,999	5.32%	6.79%	6.48%
$35,000 - $49,999	12.08%	11.42%	11.05%
$50,000 - $74,999	15.93%	16.54%	17.06%
$75,000 - $99,999	13.43%	13.05%	13.17%
$100,000 - $149,999	17.57%	17.35%	17.84%
$150,000 - -$199,999	8.60%	10.04%	9.67%
$200,000+	5.69%	6.30%	7.41%

Source: ESRI

Market Analysis

Competitive Properties. Comparable properties were surveyed in order to identify the current occupancy within the competitive market. The comparable data is summarized in the following table.

SUMMARY OF COMPARABLE APARTMENT RENTALS

Comp. No.	Property Name	Year Built	Occ	No. Units	Distance from Property
1	Polo Glen 3603 Middleburg Lane, Melbourne, FL	2008	93%	252	3.9 Miles
2	Artistry at Viera 2560 Judge Fran Jamieson Way, Melbourne, FL	2018	89%	259	0.5 Miles
3	Highlands Viera West 2185 Judge Fran Jamieson Way, Melbourne, FL	2007	95%	240	0.5 Miles
4	Marisol at Viera Apartments 2439 Casona Lane, Melbourne, FL	2015	94%	282	0.3 Miles
5	Ascend at 95 110 Sagecrest Drive, Melbourne, FL	2018	79%	300	14 Miles
Subj.	The Space Coast Property	2019	87%	272	---

Compiled by CBRE

Comparable Sales. The following table summarizes the comparable data used in the valuation of the Space Coast Property.

SUMMARY OF IMPROVED SALES

No.	Name	Transaction Type	Transaction Date	Year Built	Number of Units	Actual Sale Price	Price Per Unit	Occ.	NOI Per Unit	OAR
1	Polo Glen 3603 Middleburg Lane, Melbourne, FL	Under Contract	Nov-19	2008	252	$55,250,000	$219,246	94%	$11,031	5.03%
2	Princeton Parc 4714 Crosswind Court, Melbourne, FL	Under Contract	Nov-19	2003/ 2019	200	$35,000,000	$175,000	96%	$9,270	5.30%
3	Artistry at Viera 2560 Judge Fran Jamieson, Way Melbourne, FL	Sale	Aug-19	2018	259	$64,849,000	$250,382	64%	$13,80	5.51%
4	Vernazza 1790 Manarola Street, Kissimmee, FL	Sale	Aug-19	2018	256	$61,690,000	$240,977	89%	$12,408	5.15%
5	Alta Grande 3512 Grande Reserve Way, Orlando, FL	Sale	Jun-19	2018	314	$74,732,000	$238,000	91%	$11,626	4.88%
6	Bainbridge at Nona Place 12855 Sunstone Avenue, Orlando, FL	Sale	May-19	2018	288	$73,800,000	$256,250	92%	$12,044	4.70%
Subj. Pro Forma	The Space Coast Property	---	---	2019	272	---	---	87%	$13,800	---

Compiled by CBRE

ACQUISITION OF THE PROPERTIES

Acquisition of the Country Place Property

The Country Place Trust acquired the Country Place Property from the Country Place Seller, on March 12, 2020 for a purchase price of $36,960,000. The Country Place Trust funded the purchase price of the Country Place Property, in part, with cash provided as a capital contribution from the Parent Trust, in its capacity as beneficiary of the Country Place Trust, and in part with the Country Place Loan.

Anticipated Acquisition of the Marley Park Property

The Marley Park Trust expects to acquire the Marley Park Property from the Marley Park Seller, on or about April 3, 2020 for a purchase price of $41,693,000. The Marley Park Trust will fund the purchase price of the Marley Park Property, in part, with cash provided as a capital contribution from the Parent Trust, in its capacity as beneficiary of the Marley Park Trust, and in part with the Marley Park Loan.

Anticipated Acquisition of the Space Coast Property

The Space Coast Depositor, in its role as depositor to the Space Coast Trust, expects to acquire 100% of the Space Coast Membership Interests in Centre Pointe Apartments Holdco, from the Space Coast Seller, on or about March 24, 2020 for a purchase price of $70,720,000. Concurrent with the acquisition of the Space Coast Membership Interests, Centre Pointe Apartments Holdco will merge with and into the Space Coast Trust, leaving the Space Coast Trust as the surviving entity. The Space Coast Trust expects to fund the purchase price of the Space Coast Property, in part, with cash, provided as a capital contribution from the Space Coast Depositor, and in part with the KeyBank Loan. The Space Coast Depositor will assign 100% of the interests in the Space Coast Trust to the Parent Trust concurrent with the closing of the KeyBank Loan.

FINANCING TERMS

Each Loan is, or is expected to be, evidenced by its respective Loan Documents. The Loans will not be cross-collateralized or cross-defaulted, meaning a default under one of the Loans will allow each Lender to recover against only the Property securing the particular Loan and will not trigger a default under any other Loan.

EACH PROSPECTIVE INVESTOR SHOULD REVIEW THE COUNTRY PLACE LOAN DOCUMENTS, THE MARLEY PARK LOAN COMMITMENT AND THE KEYBANK LOAN COMMITMENT, COPIES OF WHICH ARE AVAILABLE IN THE DIGITAL INVESTOR KIT, BEFORE INVESTING. THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT PROVISIONS OF THE ACTUAL AND ANTICIPATED LOAN DOCUMENTS. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT THEREOF.

The actual and anticipated material terms of the Loans are summarized in the table below, and in more detail following the table.

Loan	Lender	Principal Loan Amount	Term	Annual Interest Rate	Required Monthly Payments	Prepayment Penalties	Collateral
Country Place Loan	NorthMarq Capital Finance L.L.C., under the Fannie Mae DUS loan program	$22,101,000	10 years	3.16%	Interest only for the first seven years of the term; payments of principal and interest thereafter, with principal amortizing on a 30-year schedule.	Prepayment premium based on yield maintenance.	The Country Place Property
Marley Park Loan (expected)	NorthMarq Capital Finance L.L.C., under the Fannie Mae DUS loan program	$22,931,000	10 years	2.88%	Interest only for the first seven years of the term; payments of principal and interest thereafter, with principal amortizing on a 30-year schedule.	Prepayment premium based on yield maintenance.	The Marley Park Property
KeyBank Loan (expected)	KeyBank National Association, under the Fannie Mae DUS loan program	$38,896,000	10 years	3.15%	Interest only for the first seven years of the term; payments of principal and interest thereafter, with principal amortizing on a 30-year schedule.	Prepayment premium based on yield maintenance.	The Space Coast Property

The NorthMarq Loans

The Country Place Trust obtained the Country Place Loan on March 12, 2020. The Country Place Loan is evidenced by the Country Place Loan Documents. The Country Place Loan Documents are available in the Digital Investor Kit.

On or about April 3, 2020, the Marley Park Trust expects to obtain the Marley Park Loan. The Marley Park Loan will be evidenced by the Marley Park Loan Documents. A copy of the Marley Park Loan Commitment, dated March 9, 2020, is available in the Digital Investor Kit.

The following summary as it relates to the NorthMarq Loans is based on the Country Place Loan Documents and the Marley Park Loan Commitment, which remains subject to change based on the final Marley

Park Loan Documents. The Closing Supplement will disclose the final terms and conditions of the Marley Park Loan Documents and will be made available prior to the Investor's purchase of Interests.

Basic Terms of the NorthMarq Loans

The principal amount of the Country Place Loan is $22,101,000 and the principal amount of the Marley Park Loan is expected to be $22,931,000. The Country Place Loan has a term of 10 years, maturing on April 1, 2030, and bears interest at a fixed annual rate of 3.16%. The Marley Park Loan is expected to have a term of 10 years and to bear interest at a fixed annual rate of 2.64%.

For the first seven years of the Country Place Loan term, the Country Place Trust is required to make monthly, interest-only payments, calculated on the basis of a 360-day year. For the final three years of the Country Place Loan term, the Country Place Trust is required to make monthly payments of principal and interest, with principal amortizing on a 30-year schedule, in a fixed amount.

For the first seven years of the Marley Park Loan term, the Marley Park Trust will be required to make monthly, interest-only payments, calculated on the basis of a 360-day year. For the final three years of the Marley Park Loan term, the Marley Park Trust is required to make monthly payments of principal and interest, with principal amortizing on a 30-year schedule, in a fixed amount.

Prepayment

Each NorthMarq Loan is, or will be, pre-payable, subject to a yield maintenance calculation (with a floor of 1.0% of the then principal balance of the applicable Loan) if the NorthMarq Loan is prepaid during the first 114 months of the term of the NorthMarq Loan. In addition, if prepayment is made after the expiration of such yield maintenance period but before the last calendar day from the sixth month through the fourth month prior to the loan matures, then the prepayment premium will be 1.0% of the amount of principal being prepaid. No prepayment premium will be required during the 90-day period directly prior to maturity of the NorthMarq Loan.

Covenants, Representations and Warranties

The NorthMarq Loan Documents contain, or are expected to contain, customary covenants, representations and warranties. Specifically, the NorthMarq Documents require the applicable Operating Trusts to obtain NorthMarq's prior written approval before taking various actions, including, without limitation, incurring additional debt, making certain modifications to the respective Properties or Buildings, altering, modifying, amending or changing the terms of any of the "Leases," defined under the NorthMarq Loan Documents, terminating or surrendering the respective Asset Management Agreements or Property Management Agreements, in each case except as otherwise set forth in the NorthMarq Loan Documents.

Further, the NorthMarq Loan Documents prohibit, or are expected to prohibit, the applicable Operating Trust, without NorthMarq's prior written consent and except as otherwise set forth in the NorthMarq Loan Documents, from: (1) selling, conveying, assigning, mortgaging, granting, pledging, granting options with respect to, transferring or otherwise disposing of its interests the respective Property or any part thereof; (2) incurring indebtedness (other than the indebtedness permitted pursuant to the terms of the NorthMarq Loan); or (3) mortgaging, hypothecating or otherwise encumbering or granting a security interest in the respective Property or any part thereof.

Insurance, Casualty and Condemnation

The NorthMarq Loan Documents require, or are expected to require, the Operating Trusts (or, for so long as the respective Master Leases are in place, the respective Master Tenant) to obtain and maintain certain levels of insurance for the respective Properties. Such insurance includes:

(1) coverage against loss by fire and all other perils insured by the "special causes of loss" coverage form, general boiler and machinery coverage, business income coverage and flood, and may include sinkhole insurance, mine insurance, earthquake insurance, terrorism insurance and windstorm insurance;

(2) commercial general liability insurance, umbrella liability insurance, workmen's compensation insurance, and such other liability, errors and omissions, and fidelity insurance coverage; and

(3) builder's risk and public liability insurance, and other insurance in connection with completing repair or replacements on the Country Place Property as applicable.

All such insurance is required, or will be required, to be in form, content and amounts approved by NorthMarq and written by an insurance company or companies approved by NorthMarq. Each insurance policy which can be endorsed with standard non-contributing, non-reporting mortgagee clauses making loss payable to NorthMarq will be required to be so endorsed.

In the event of any damage to or destruction of any part of the applicable Property, the Operating Trust is required, or will be required, to give prompt notice to NorthMarq of such damage or destruction and to promptly commence and prosecute the completion of the restoration of such Property. Each Operating Trust is, or will be, responsible for paying all costs of such restoration, even if not covered by insurance. If the net proceeds received by NorthMarq as a result of damage or destruction are less than $50,000, the proceeds will be required to be paid to the Operating Trust so long as there is no then existing event of default under the respective NorthMarq Loan and certain other conditions under the NorthMarq Loan Agreement are met. If the net proceeds received by NorthMarq as a result of damage or destruction a Property are equal to or greater than $50,000, NorthMarq will be required to make the net proceeds available for the restoration, provided there is no existing event of default under the NorthMarq Loan and certain other conditions under the NorthMarq Loan Agreement are met.

Any amounts of proceeds paid to NorthMarq as discussed above may be applied by NorthMarq against the NorthMarq Loan indebtedness, in accordance with the terms of the deed of trust against the applicable Property, after deducting any reasonable expenses incurred by NorthMarq in collecting such amounts. If the Operating Trust is to be reimbursed out of any insurance proceeds held by the NorthMarq for repairs or restoration, NorthMarq will be required to make such proceeds available to the Operating Trust so long as, among other things, the following conditions are met: (1) there is no then continuing event of default under the NorthMarq Loan; (2) the restoration will be completed before the earlier of one year before the maturity date of the NorthMarq Loan or one year after the date of loss; and (3) NorthMarq determines the combination of insurance proceeds and amounts provided by the Operating Trust will be sufficient to complete the restoration.

Lender Reserve Accounts

The NorthMarq Loan Documents provide for two reserve accounts for each NorthMarq Loan, a "Replacement Reserve Account" and a "Repairs Escrow Account." The required contributions are summarized below:

Loan	**Replacement Reserve Account**	**Repair Escrow Account**
	Initial Contribution/Ongoing Contributions	
Country Place Loan	$73,920 / $0	$4,062.50 / $0
Marley Park Loan	$86,500 / $0	$0 / $0

The funds in the Replacement Reserve Accounts are held, or will be held, by NorthMarq throughout the term of the applicable NorthMarq Loan, and released only after the NorthMarq Loan has been repaid and the deed of trust has been released. Pursuant to the NorthMarq Loan Agreement, each Operating Trust will remain responsible for funding replacements to its Property from cash flows from the Property, except as otherwise provided for in the NorthMarq Loan Agreement.

Neither Operating Trust is required, or expected to be required, to make ongoing deposits into the Lender Reserve Accounts. NorthMarq may require either Operating Trust to make additional deposits into the Lender Reserve Account under certain circumstances, including a transfer of applicable Property or the Interests, or if NorthMarq determines that the amounts in the Lender Reserve Account are not sufficient to cover the costs of the required repairs and replacements.

Restrictions on Transfer of Interests

The NorthMarq Loan Documents provide, or will provide, that a direct or indirect transfer of interests in the Operating Trust to one or more investors is permitted, provided that the following conditions are satisfied: (1) no event of default (as described in the NorthMarq Loan Agreements), or any event that would constitute an event of default, has occurred and is continuing; (2) each entity currently named as the Signatory Trustee and the Asset Manager of the Operating Trust maintains the same ability to manage and "Control" (as defined in the NorthMarq Loan Agreements) the Operating Trust, as it did on the closing date; (3) the Key Principal (defined as IPC) continues to be the manager of the entity currently named as the Signatory Trustee and the Asset Manager of the Operating Trust and maintains the same ability to manage and "Control" (as defined in the NorthMarq Loan Agreements) such entity as it did on the closing date; and (5) in the event that any transfer would result in the transferee owning 25% or more of a direct or indirect beneficial interest in the Operating Trust, the Operating Trust is required to provide advance written notice to NorthMarq of such transfer and provide the NorthMarq with such information as necessary to allow NorthMarq to determine that the transferee is not a "Prohibited Person" (as defined in the NorthMarq Loan Agreements).

Events of Default

The following, among other things, constitute, or are expected to constitute, an event of default under each NorthMarq Loan Agreement:

(1) any failure to pay or deposit when due any amount required by the applicable Note, the NorthMarq Loan Agreement or any other NorthMarq Loan Document;

(2) any failure to maintain the insurance coverage required by the NorthMarq Loan Documents;

(3) any failure by the Operating Trust or the applicable Master Tenant to comply with the provisions of the NorthMarq Loan Agreement relating to its respective single asset status;

(4) if any warranty, representation, certification or statement in the NorthMarq Loan Documents is false, inaccurate or misleading in any material respect when made;

(5) fraud, gross negligence, willful misconduct or material misrepresentation or material omission in connection with: the NorthMarq Loan application or the Master Lease; any financial statement or other information provided to NorthMarq; or any request for NorthMarq's consent to any proposed action under the NorthMarq Loan Documents;

(6) the occurrence of any Transfer (as defined in the NorthMarq Loan Agreement) not permitted by the NorthMarq Loan Documents;

(7) the occurrence of a Bankruptcy Event (as defined in the NorthMarq Loan Agreement);

(8) the commencement of a forfeiture action or proceeding which in NorthMarq's reasonable judgment could result in forfeiture of the Property or materially impair the NorthMarq's lien or interest in the Property;

(9) any transfer due to the revocation of the Operating Trust or the revocation or termination of the Operating Trust, except as set forth in the NorthMarq Loan Agreement;

(10) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust, or deed to secure debt on the Property or any interest therein of a right to declare all amounts due under that debt instrument immediately due and payable;

(11) any failure to complete any Repairs (as defined in the NorthMarq Loan Agreement) in accordance with the terms of the NorthMarq Loan Agreement;

(12) a termination, amendment or modification of any Master Lease document not permitted by the NorthMarq Loan Documents; or

(13) a default by either the Operating Trust or the Master Tenant which continues beyond any cure period under the Master Lease documents.

Upon any uncured event of default under each NorthMarq Loan Agreement, NorthMarq will have the right, at its option, to exercise any of the rights and remedies available to it under the NorthMarq Loan Documents, at law or in equity, without notice or demand, including declaring the entire indebtedness immediately due and payable.

Securitization of the Loan

NorthMarq has the right to participate, syndicate, or securitize all or any portion of its interest in the NorthMarq Loans.

Nonrecourse Loan

Each of the NorthMarq Loans is, or will be, secured by a deed of trust on the applicable Property. The NorthMarq Loans will be nonrecourse to the Investors. Accordingly, the Investors will have no personal liability in connection with the NorthMarq Loans. However, upon an uncured event of default under the NorthMarq Loans, NorthMarq will have the right to foreclose on the applicable Property. If this were to occur, Investors would likely lose part of their investment equivalent to the applicable Property and may lose their entire investment in the Parent Trust.

Environmental Indemnities

The Country Place Trust entered into, and the Marley Park Trust will enter into, an Environmental Indemnity Agreement with NorthMarq (together, the "**NorthMarq Environmental Indemnity Agreements**"). Pursuant to each of the NorthMarq Environmental Indemnity Agreement, the Operating Trust agrees, or will agree, to indemnify and hold NorthMarq harmless from and against certain environmental claims and damages.

The KeyBank Loan

On or about March 24, 2020, the Space Coast Trust expects to obtain the KeyBank Loan. The KeyBank Loan will be evidenced by the KeyBank Loan Documents. A copy of the KeyBank Loan Commitment, dated January 28, 2020, is available in the Digital Investor Kit.

The following summary as it relates to the KeyBank Loan is based on the KeyBank Loan Commitment, and remains subject to change based on the final KeyBank Loan Documents. The Closing Supplement will disclose the final terms and conditions of the KeyBank Loan Documents and will be made available prior to the Investor's purchase of Interests.

Basic Terms of the KeyBank Loan

The KeyBank Loan is expected to have a 10-year term and to bear interest at a fixed rate of 3.15% per annum.

For the first seven years of the KeyBank Loan term, the Space Coast Trust will be required to make monthly, interest-only payments, calculated on the basis of a 360-day year. For the final three years of the KeyBank Loan term, the Space Coast Trust will be required to make monthly payments of principal and interest, with principal amortizing on a 30-year schedule, in a fixed amount.

Prepayment

The KeyBank Loan is expected to be pre-payable, subject to a yield maintenance calculation (with a floor of 1.0% of the then principal balance of the KeyBank Loan) if the KeyBank Loan is prepaid during the first 84 months of the term of the KeyBank Loan. In addition, if prepayment is made after the expiration of such yield maintenance period but before the last calendar day of the fourth month prior to the month in which the loan matures, then the prepayment premium will be 1.0% of the amount of principal being prepaid. No prepayment premium will be required during the 90-day period directly prior to maturity of the Loan.

Covenants, Representations and Warranties

The KeyBank Loan Documents are expected to contain customary covenants, representations and warranties. Specifically, the KeyBank Loan Documents are expected to require the Space Coast Trust to obtain

KeyBank's prior written approval before taking various actions, including, without limitation, incurring additional debt, making certain modifications to the Space Coast Property or Space Coast Buildings, altering, modifying, amending or changing the terms of any of the "Leases," to be defined under the KeyBank Loan Documents, terminating or surrendering the Space Coast Asset Management Agreement or Space Coast Property Management Agreement, in each case except as otherwise set forth in the KeyBank Loan Documents.

Further, the KeyBank Loan Documents are expected to prohibit the Space Coast Trust, without KeyBank's prior written consent and except as otherwise set forth in the KeyBank Loan Documents, from: (1) selling, conveying, assigning, mortgaging, granting, pledging, granting options with respect to, transferring or otherwise disposing of its interests in the Space Coast Property or any part thereof; (2) incurring indebtedness (other than the indebtedness permitted pursuant to the terms of the KeyBank Loan); or (3) mortgaging, hypothecating or otherwise encumbering or granting a security interest in the Space Coast Property or any part thereof.

Insurance, Casualty and Condemnation

The KeyBank Loan Documents are expected to require the Space Coast Trust (or, for so long as the Space Coast Master Lease is in place, the Space Coast Master Tenant) to obtain and maintain certain levels of insurance for the Space Coast Property. Such insurance includes:

(1) coverage against loss by fire and all other perils insured by the "special causes of loss" coverage form, general boiler and machinery coverage, business income coverage and flood, and may include sinkhole insurance, mine insurance, earthquake insurance, terrorism insurance and windstorm insurance;

(2) commercial general liability insurance, umbrella liability insurance, workmen's compensation insurance, and such other liability, errors and omissions, and fidelity insurance coverage; and

(3) builder's risk and public liability insurance, and other insurance in connection with completing repair or replacements on each Property as applicable.

All such insurance is expected to be required to be in form, content and amounts approved by KeyBank and written by an insurance company or companies approved by KeyBank. Each insurance policy which can be endorsed with standard non-contributing, non-reporting mortgagee clauses making loss payable to KeyBank will be required to be so endorsed.

In the event of any damage to or destruction of any part of the Space Coast Property, the Space Coast Trust will be required to give prompt notice to KeyBank of such damage or destruction and to promptly commence and prosecute the completion of the restoration of the Space Coast Property. The Space Coast Trust will be responsible for paying all costs of such restoration, even if not covered by insurance. If the net proceeds received by KeyBank as a result of damage or destruction are less than $50,000, the proceeds will be required to be paid to the Space Coast Trust so long as there is no then existing event of default under the KeyBank Loan and certain other conditions under the KeyBank Loan Agreement are met. If the net proceeds received by KeyBank as a result of damage or destruction to the Space Coast Property are equal to or greater than $50,000, KeyBank will be required to make the net proceeds available for the restoration, provided there is no existing event of default under the KeyBank Loan and certain other conditions under the KeyBank Loan Agreement are met.

Any amounts of proceeds paid to KeyBank as discussed above may be applied by KeyBank against the KeyBank Loan indebtedness, in accordance with the terms of the mortgage against the Space Coast Property, after deducting any reasonable expenses incurred by KeyBank in collecting such amounts. If the Space Coast Trust is to be reimbursed out of any insurance proceeds held by KeyBank for repairs or restoration, KeyBank will be required to make such proceeds available to the Space Coast Trust so long as, among other things, the following conditions are met: (1) there is no then continuing event of default under the KeyBank Loan; (2) the restoration will be completed before the earlier of one year before the maturity date of the KeyBank Loan or one year after the date of loss; and (3) KeyBank determines the combination of insurance proceeds and amounts provided by the Space Coast Trust will be sufficient to complete the restoration.

Lender Reserve Accounts

It is expected that the KeyBank Loan Documents will provide for two reserve accounts for the KeyBank Loan, a "Replacement Reserve Account" and a "Repairs Escrow Account." The anticipated required contributions are summarized below:

Operating Trust	**Replacement Reserve Account**	**Repair Escrow Account**
	Initial Contribution/Ongoing Contributions	
Space Coast Trust	$108,800 / $0	$0 / $0

The funds in the Replacement Reserve Account will be held by KeyBank throughout the term of the KeyBank Loan, and released only after the applicable KeyBank Loan has been repaid and the Deed of Trust has been released. Pursuant to the KeyBank Loan Agreement, the Space Coast Trust will remain responsible for funding replacements to the Space Coast Property from cash flows from the Space Coast Property, except as otherwise provided for in the KeyBank Loan Agreement.

It is anticipated that the Space Coast Trust will not be required to make ongoing deposits into the Lender Reserve Accounts. KeyBank may require the Space Coast Trust to make additional deposits into the Lender Reserve Account under certain circumstances, including a transfer of the Space Coast Property or the Interests, or if KeyBank determines that the amounts in the Lender Reserve Accounts are not sufficient to cover the costs of the required repairs and replacements.

Restrictions on Transfer of Interests

The KeyBank Loan Documents are expected to provide that a direct or indirect transfer of interests in the Space Coast Trust to one or more investors is permitted, provided that the following conditions are satisfied: (1) no event of default (as described in the KeyBank Loan Agreements), or any event that would constitute an event of default, has occurred and is continuing; (2) the entity currently named as the Signatory Trustee and the Asset Manager of the Space Coast Trust, and maintains the same ability to manage and "Control" (as defined in the KeyBank Loan Agreement) the Space Coast Trust as it did on the closing date; (3) the Key Principal (defined as IPC) continues to be the manager of the entity currently named as the Signatory Trustee and the Asset Manager of the Space Coast Trust and maintains the same ability to manage and "Control" (as defined in the Loan Agreement) such entity as it did on the closing date; and (5) in the event that any transfer would result in the transferee owning 25% or more of a direct or indirect beneficial interest in the Space Coast Trust, the Space Coast Trust will be required to provide advance written notice to KeyBank of such transfer and provide KeyBank with such information as necessary to allow KeyBank to determine that the transferee is not a "Prohibited Person" (as defined in the KeyBank Loan Agreements).

Events of Default

The following, among other things, are expected to constitute an event of default under the KeyBank Loan Agreements:

(1) any failure to pay or deposit when due any amount required by the KeyBank Note, the KeyBank Loan Agreement or any other KeyBank Loan Document;

(2) any failure to maintain the insurance coverage required by the KeyBank Loan Documents;

(3) any failure by the Space Coast Trust or Space Coast Master Tenant to comply with the provisions of the KeyBank Loan Agreement relating to its single asset status;

(4) if any warranty, representation, certification or statement in the KeyBank Loan Documents is false, inaccurate or misleading in any material respect when made;

(5) fraud, gross negligence, willful misconduct or material misrepresentation or material omission in connection with: the KeyBank Loan application or the Space Coast Master Lease; any financial

statement or other information provided to KeyBank; or any request for KeyBank's consent to any proposed action under the KeyBank Loan Documents;

(6) the occurrence of any Transfer (as defined in the KeyBank Loan Agreement) not permitted by the KeyBank Loan Documents;

(7) the occurrence of a Bankruptcy Event (as defined in the KeyBank Loan Agreement);

(8) the commencement of a forfeiture action or proceeding which in KeyBank's reasonable judgment could result in forfeiture of the Space Coast Property or materially impair KeyBank's lien or interest in the Space Coast Property;

(9) any transfer due to the revocation of the Space Coast Trust or the revocation or termination of the Space Coast Trust, except as set forth in the KeyBank Loan Agreement;

(10) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust, or deed to secure debt on the Space Coast Property or any interest therein of a right to declare all amounts due under the debt instrument immediately due and payable;

(11) any failure to complete any Repairs (as defined in the KeyBank Loan Agreement) in accordance with the terms of the KeyBank Loan Agreement;

(12) a termination, amendment or modification of the Space Coast Master Lease document not permitted by the KeyBank Loan Documents; or

(13) a default by the Space Coast Trust or the Space Coast Master Tenant which continues beyond any cure period under the Space Coast Master Lease documents.

Upon any uncured event of default under the KeyBank Loan Agreement, KeyBank will have the right, at its option, to exercise any of the rights and remedies available to it under the KeyBank Loan Documents, at law or in equity, without notice or demand, including declaring the entire indebtedness immediately due and payable.

Securitization of the Loan

KeyBank is expected to have the right to participate, syndicate, or securitize all or any portion of its interest in the KeyBank Loan.

Nonrecourse Loan

The KeyBank Loan will be secured by a mortgage on the Space Coast Property. The KeyBank Loan will be nonrecourse to the Investors. Accordingly, the Investors will have no personal liability in connection with the KeyBank Loan. However, upon an uncured event of default under the KeyBank Loan, KeyBank will have the right to foreclose on the Space Coast Property. If this were to occur, Investors would likely lose part of their investment equivalent to the Space Coast Property and may lose their entire investment in the Parent Trust.

Environmental Indemnity

Concurrent with the Space Coast Trusts entry into the KeyBank Loan Documents, it is expected that the Space Coast Trust will enter into an Environmental Indemnity Agreement with KeyBank (the "**KeyBank Environmental Indemnity Agreement**"). Pursuant to the KeyBank Environmental Indemnity Agreement, the Space Coast Trust will agree to indemnify and hold KeyBank harmless from and against certain environmental claims and damages.

MANAGEMENT

Country Place AZ Multifamily Exchange, L.L.C. serves as the Country Place Asset Manager, Marley Park AZ Multifamily Exchange, L.L.C. will serve as the Marley Park Asset Manager, and Space Coast Multifamily Exchange, L.L.C. will serve as the Space Coast Asset Manager, in each case pursuant to an Asset Management Agreement.

Inland Residential Real Estate Services LLC, a Delaware limited liability company and an affiliate of IPC, serves or will serve as the Property Manager of the Properties, in accordance with the Property Management Agreements.

The Asset Managers

In its capacity as an asset manager, each Asset Manager is, or will be, responsible for managing its respective Operating Trust's day-to-day operations, including, but not limited to: reviewing all performance and financial information related to the applicable Property; conducting relations with, and supervising services performed by, lenders, consultants, accountants, brokers, third-party asset managers, attorneys, underwriters, appraisers, insurers, corporate fiduciaries, banks, builders and developers, sellers and buyers of assets, among others; providing loan payment services in connection with the applicable Loan; preparing financial reports for the applicable Lender; managing the applicable Reserve Accounts (as defined herein); providing bookkeeping and accounting services and maintaining the applicable Operating Trust's books and records; administering monthly cash distributions; communicating with investors, brokers, dealers, financial advisors and custodians; and undertaking and performing all services or other activities necessary and proper to carry out the applicable Operating Trust's investment objectives, including providing secretarial, clerical and administrative assistance for the applicable Operating Trust. If an Operating Trust requests any additional services not specified in the applicable Asset Management Agreement, the Asset Manager may agree to provide the requested services upon terms that are mutually agreeable to the Operating Trust and the Asset Manager.

Each Asset Management Agreement has, or will have, a 10-year term, and will thereafter automatically renew for successive one-year periods. Each Asset Management Agreement may be terminated by either party, prior to the termination date or the expiration of any renewal term, for a default under the Asset Management Agreement, subject to customary cure periods.

Each Operating Trust pays, or will pay, its Asset Manager certain compensation, as described under "*Compensation to IPC and Affiliated Parties – Asset Management Fees*." If an Operating Trust requests any additional services not specified in the respective Asset Management Agreement, the Asset Manager may agree to provide the requested services upon terms mutually agreeable to the Operating Trust and the Asset Manager.

Asset Management Team

The sole member of each Asset Manager is IPC. IPC's officers and directors are set forth below.

Name	Age*	Position and Office
Mitchell A. Sabshon	67	Director and Chairman of the Board
Keith D. Lampi	39	Director and President and Chief Operating Officer
Rahul Sehgal	39	Director and Chief Investment Officer
Robert H. Baum	76	Director
Daniel L. Goodwin	76	Director
Catherine L. Lynch	61	Director
Roberta S. Matlin	75	Director
Robert D. Parks	76	Director
Robert M. O'Connor	59	Chief Accounting Officer and Treasurer
Kristin A. Orlando	42	Secretary
Joseph E. Binder	37	Executive Vice President
Nati N. Kiferbaum	31	Senior Vice President
Dione K. McConnell	49	Senior Vice President
Daniel W. Zatloukal	39	Senior Vice President
Venton J. Carlston	62	Director of Property Accounting/Vice President

Name	Age*	Position and Office
Marianne K. Szalkowski	40	Controller/Vice President

*As of January 1, 2020

Mitchell A. Sabshon has served as a Director of IPC since September 2013, and as Chairman of the Board since January 2015. Mr. Sabshon also is currently the Chief Executive Officer, President and a director of IREIC, positions he has held since August 2013, January 2014 and September 2013, respectively.

Mr. Sabshon has served as the Chief Executive Officer and Chairman of InPoint Commercial Real Estate Income, Inc. since October 2016 and September2016, respectively. He also has served as the Chief Executive Officer and Treasurer of Inland InPoint Advisor, LLC since August 2016. Mr. Sabshon has also served as a director and the Chief Executive Officer of Inland Real Estate Income Trust, Inc. ("**IREIT**"), positions he has held since September 2014 and April 2014, respectively, and as a director of its business manager since October 2013. He was a director and the President and Chief Executive Officer of Inland Residential Properties Trust, Inc. ("**IRPT**"), and the IRPT business manager, from December 2013 through the dissolution of the entities in October 2019. Mr. Sabshon has also served as a director of Inland Securities Corporation since January 2014. Prior to joining IREIC in August 2013, Mr. Sabshon served as Executive Vice President and Chief Operating Officer of Cole Real Estate Investments, Inc. ("**Cole**"), from November 2010 to June 2013. In this role, he was responsible for finance, asset management, property management, leasing and high yield portfolio management. He also worked on a broad range of initiatives across Cole, including issues pertaining to corporate and portfolio strategy, product development and systems. Prior to joining Cole in November 2010, Mr. Sabshon served as Managing Partner and Chief Investment Officer of EndPoint Financial LLC, an advisory firm providing acquisition and finance advisory services to equity investors, from 2008 to 2010. Mr. Sabshon was a licensed person with The OBEX Group from April 2009 through November 2009. Mr. Sabshon served as Chief Investment Officer and Executive Vice President of GFI Capital Resources Group, Inc., a national owner-operator of multifamily properties, from 2007 to 2008. Prior to joining GFI, Mr. Sabshon served with Goldman Sachs & Company from 2004 to 2007 and from 1997 to 2002 in several key strategic roles, including President and Chief Executive Officer of Goldman Sachs Commercial Mortgage Capital and head of the Insurance Client Development Group. From 2002 to 2004, Mr. Sabshon was Executive Director of the U.S. Institutional Sales Group at Morgan Stanley. Mr. Sabshon held various positions at Lehman Brothers Inc. from 1991 to 1997, including in the Real Estate Investment Banking Group. Prior to joining Lehman Brothers, Mr. Sabshon was an attorney in the Corporate Finance and Real Estate Structured Finance groups of Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Sabshon received his undergraduate degree from George Washington University and his law degree from Hofstra University School of Law. Mr. Sabshon holds Series 7 and 63 licenses from FINRA.

Keith D. Lampi has served as Director and Chief Operating Officer of IPC since 2012, and was appointed as President effective January 2015. Throughout his tenure, Mr. Lampi has helped to shape IPC into a market leader in the private real estate securities industry. As President of IPC, Mr. Lampi is responsible for directing the company's strategic growth plans, while ensuring that Inland's core principles, including its investor-focused approach, are reflected throughout the organization. During his career, Mr. Lampi has been involved in over $10 billion in real estate transactions across retail, office, industrial, student housing, self-storage, hospitality, senior living and multifamily property types. Mr. Lampi has also served as a Manager of Inland Real Estate Services, LLC, Inland Residential Real Estate Services, LLC and Inland Venture Real Estate Services, LLC.

Mr. Lampi was President of ADISA, the nation's largest alternative investment securities association in 2018. In addition, Lampi served on ADISA's board of directors for six consecutive years, and held several leadership positions with the association throughout his board tenure. He was the recipient of the ADISA Distinguished Service Award, an award presented to individuals and companies that have provided exceptional service to the association, the alternative investments industry and the overall community, in 2016.

Mr. Lampi received his bachelor degree in economics from the University of Illinois at Urbana-Champaign. He holds Series 7, 24, 63, 79, and 99 licenses with FINRA.

Rahul Sehgal has been a Director and the Chief Investment Officer of IPC since May 2012 and November 2012, respectively. Mr. Sehgal joined IPC in 2004 and has held various positions with IPC throughout his tenure with the firm. Mr. Sehgal currently oversees IPC's investment strategies, including acquisitions, dispositions, refinancing, tenant negotiations and portfolio review on behalf of ownership. In addition, Mr. Sehgal is responsible

for the exploration of new asset classes and coordinating market research to collaborate with executive management in implementing the company's long term strategic plans. Mr. Sehgal received his bachelor degree in finance from the University of Illinois at Urbana-Champaign. He holds Series 7, 63 and 79 licenses with FINRA.

Robert H. Baum was appointed a Director of IPC in October 2019**.** Mr. Baum has been with The Inland Real Estate Group, LLC and its affiliates since their inception and is one of the four original principals. He is a Vice Chairman and is Executive Vice President and General Counsel of The Inland Real Estate Group, LLC. In his capacity as General Counsel, Mr. Baum is responsible for the supervision of the legal activities of The Inland Real Estate Group, LLC and its affiliates. This responsibility includes the supervision of the Inland Law Department and serving as liaison with outside counsel.

Following his graduation from Northwestern University School of Law in 1967, and while awaiting his bar examination results, Mr. Baum took a teaching position in the Chicago Public School System where he met three other teaching associates who together with him became the founding principals of Inland. In 1968, he began his practice of law with a private law firm in Chicago where he practiced labor and real estate law and served as Inland's outside counsel. In January 1973, Mr. Baum joined Inland on a full-time basis as its General Counsel, a position he has held since that time.

Mr. Baum has served as a member of the North American Securities Administrators Association Real Estate Advisory Committee and as a member of the Securities Advisory Committee to the Secretary of State of Illinois. He is a member of the American Corporation Counsel Association and The Private Company General Counsel Group. He has also been a guest lecturer for the Illinois State Bar Association and the Northwestern University School of Law. Mr. Baum has been admitted to practice before the Supreme Court of the United States, as well as the bars of several federal courts of appeals and federal district courts and the State of Illinois. He is also an Illinois licensed real estate broker. He has served as a director of American National Bank of DuPage and Inland Bank & Trust, and currently serves as a director of Inland Bancorp, Inc., a bank holding company.

Mr. Baum is a member of the Board of Trustees of Window to the World Communications, Inc., Chicago's premier public media organization that creates and presents unique content for television (WTTW, Channel 11), radio (WFMT, 98.7 FM) and digital media.

Mr. Baum is also a Lifetime Trustee and has served as a member of the Board of Directors of Wellness House, a charitable organization that helps cancer patients and their families and close relationships improve the quality of their lives by providing programs emphasizing emotional support and information as a vital complement to medical treatment, all for no charge. He is also a Governing Member of the Chicago Symphony Orchestra and underwrites a scholarship for the keyboardist position of the Civic Orchestra of Chicago. In addition, Mr. Baum was named a Paul Harris Fellow by The Rotary Foundation of Rotary International. He is also a past member of the Men's Council of the Museum of Contemporary Art in Chicago.

Daniel L. Goodwin serves as a Director of IPC. Mr. Goodwin has served as the Chairman and Chief Executive Officer of Inland since its founding. Mr. Goodwin also serves as a director or officer of several entities wholly owned or controlled by The Inland Group, LLC. In addition, Mr. Goodwin has served as the chairman of the board and chief executive officer of Inland Mortgage Investment Corporation since March 1990 and chairman and chief executive officer of Inland Bancorp, Inc., a bank holding company, since January 2001. Mr. Goodwin has served as a director of IRC Retail Centers Inc. (formerly known as Inland Real Estate Corporation), from 2001 until its merger in March 2016, and served as its chairman of the board from 2004 to April 2008. Mr. Goodwin has served as a director and the chairman of the board of IREIT since July 2012 and was a director of IRPT from December 2013 through the dissolution of IRPT in October 2019.

Mr. Goodwin is a member of the National Association of Realtors, the Illinois Association of Realtors, the Northern Illinois Commercial Association of Realtors, and was inducted into the Hall of Fame of the Chicago Association of Realtors in 2005. He is also the author of a nationally recognized real estate reference book for the management of residential properties. Mr. Goodwin served on the Board of the Illinois State Affordable Housing Trust Fund. He served as an Advisor for the Office of Housing Coordination Services of the State of Illinois, and as a member of the Seniors Housing Committee of the National Multi-Housing Council. He has served as Chairman of the DuPage County Affordable Housing Task Force. Mr. Goodwin also founded New Directions Affordable Housing Corporation, a not for profit entity.

Mr. Goodwin obtained his bachelor degree and master's degree from Illinois state universities. Following graduation, he taught for five years in the 104 Chicago Public Schools. Over the past twenty years, Mr. Goodwin served as a member of the Board of Governors of Illinois State Colleges and Universities, vice chairman of the Board of Trustees of Benedictine University, vice chairman of the Board of Trustees of Springfield College, and chairman of the Board of Trustees of Northeastern Illinois University.

Catherine L. Lynch serves as a Director of IPC. Ms. Lynch joined Inland in 1989 and has been a director of The Inland Group, LLC since June 2012. She serves as the Treasurer and Secretary (since January 1995), the Chief Financial Officer (since January 2011) and a director (since April 2011) of IREIC and as a director (since July 2000) and Chief Financial Officer and Secretary (since June 1995) of Inland Securities Corporation.

Ms. Lynch has served as the Chief Financial Officer and Treasurer of InPoint Commercial Real Estate Income, Inc. since October 2016 as well as Chief Financial Officer and Treasurer of Inland InPoint Advisor, LLC since August 2016. She has served as the Chief Financial Officer of IREIT since April 2014 and as a director of IREIT's business manager since August 2011. Ms. Lynch also served as Chief Financial Officer of IRPT from December 2013, and as Chief Financial Officer of the business manager of IRPT from October 2014, through the dissolution of the entities in October 2019. Ms. Lynch also has served as Treasurer of Inland Capital Markets Group, Inc. from January 2008 through October 2010. Ms. Lynch served as the Treasurer of the business manager of IRPT from December 2013 to October 2014, as a director and Treasurer of Inland Investment Advisors, Inc. from June 1995 to December 2014 and as a director and Treasurer of Inland Institutional Capital Partners Corporation from May 2006 to December 2014.

Ms. Lynch worked for KPMG Peat Marwick LLP from 1980 to 1989. Ms. Lynch received her bachelor degree in accounting from Illinois State University. Ms. Lynch is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Illinois CPA Society. Ms. Lynch also is registered with FINRA as a financial operations principal.

Roberta S. Matlin serves as a Director of IPC. Ms. Matlin joined IREIC in 1984 as Director of Investor Administration and currently serves as a director and Senior Vice President of IREIC. Ms. Matlin also has been a director and Vice President of Inland Securities Corporation since April 1997, a Vice President of Inland Institutional Capital Partners Corporation since May 2006 and a director since August 2012. She also has served as a director and President of Inland Investment Advisors, Inc. since June 1995 and Intervest Southern Real Estate Corporation since July 1995, and President of Inland Securities Corporation from July 1995 to March 1997. Ms. Matlin has served as a director of Pan American Bank since December 2007. She has served as Vice President of Administration of IREIT and IREIT Business Manager & Advisor, Inc. since August 2011, as Vice President of Administration of the IRPT business manager from December 2013 through its dissolution in October 2019, and as Vice President of Inland InPoint Advisor, LLC from August 2016 through its dissolution in October 2019. Ms. Matlin served as Vice President of Administration of Inland Diversified from June 2008 through July 2014 and also served as the President of Inland Diversified Business Manager & Advisor, Inc. from June 2008 through May 2009. Since April 2009 she has served as President of Inland Opportunity Business Manager & Advisor, Inc. She served as Vice President of Administration of Inland American Real Estate Trust, Inc. (now known as InvenTrust Properties Corp.) since its inception in October 2004 through February 2014. She served as President of Inland American Business Manager & Advisor, Inc. from October 2004 until January 2012. Ms. Matlin served as Vice President of Administration of Inland Western Retail Real Estate Trust, Inc. from 2003 until 2007, Vice President of Administration of Inland Retail Real Estate Trust, Inc. from 1998 until 2004, Vice President of Administration of IRC from 1995 until 2000 and trustee and Executive Vice President of Inland Mutual Fund Trust from 2001 until 2004.

Prior to joining Inland, Ms. Matlin worked for the Chicago Region of the Social Security Administration of the United States Department of Health and Human Services. Ms. Matlin received her bachelor degree from the University of Illinois in Champaign. She holds Series 7, 22, 24, 39, 63, 65, 79 and 99 licenses from FINRA and is a member of ADISA.

Robert D. Parks serves as a Director of IPC. Mr. Parks has been a principal of the Inland real estate organization since May 1968 and is currently a Director of IREIC. Mr. Parks previously served as Chairman of the Board of IREIC, a position he held from November 1984 through December 2016. Mr. Parks has also served as a Director of Inland Investment Advisors, Inc. since June 1995. Mr. Parks served as a Director of Inland Securities

Corporation from August 1984 until June 2009. He served as the Chairman of the Board and a Director of Inland Diversified Real Estate Trust, Inc., from its inception in June 2008 until it was acquired in July 2014, and InvenTrust Properties Corp. (f/k/a Inland American Real Estate Trust, Inc.) from its inception in October 2004 until February 2015. He served as the Chairman of the Board and a Director of Retail Properties of America, Inc., from its inception in March 2003 to October 2010. He served as a Director of IRC Retail Centers LLC (f/k/a Inland Real Estate Corporation) from 1994 to June 2008, and served as Chairman of the Board from May 1994 to May 2004 and President and Chief Executive Officer from 1994 to April 2008. He also served as a Director and Chairman of the Board of Inland Retail Real Estate Trust, Inc. from its inception in September 1998 to March 2006 and as Chief Executive Officer until December 2004.

Mr. Parks received his bachelor degree from Northeastern Illinois University, in Chicago, and his master's degree from the University of Chicago, in Chicago, Illinois, and later taught in Chicago's public schools. He is a member of NAREIT.

Robert M. O'Connor has served as Chief Accounting Officer and Treasurer of IPC since January 2015. Mr. O'Connor joined IPC in September 2013 and previously held the position of Senior Vice President of Accounting and Treasurer. Prior to joining IPC, Mr. O'Connor worked for over 10 years in various accounting management roles at publicly held real estate investment trusts General Growth Properties and Prime Group Realty Trust. He currently oversees IPC's accounting operations, financial and investor reporting, and cash management functions. Mr. O'Connor is also a member of IPC's CEO Council which is responsible for directing the company's long term strategic plans. He received a bachelor degree in accounting from the University of Illinois at Chicago and a master's degree in finance from Loyola University Chicago. Mr. O'Connor is a Certified Public Accountant, a Chartered Global Management Accountant and is a member of the American Institute of Certified Public Accountants.

Kristin A. Orlando is the Secretary of IPC. Ms. Orlando joined the law department of The Inland Real Estate Group, LLC in October 2012, and is currently an Associate Counsel and Assistant Vice President. In her capacity as Associate Counsel, Ms. Orlando represents IPC on corporate, securities and regulatory matters. She also represents other entities within The Inland Real Estate Group of Companies that are in the business of real estate securities. Prior to joining Inland, Ms. Orlando had been employed by the law firm Shefsky & Froelich (now Taft Stettinius & Hollister LLP) in Chicago, Illinois, in the Corporate and Securities practice group, since 2004. She is admitted to practice law in the State of Illinois. Ms. Orlando received her bachelor degree from Northwestern University in Evanston, Illinois and her law degree from Chicago-Kent College of Law.

Joseph E. Binder currently serves as IPC's Executive Vice President of Acquisition Structure and Finance. Mr. Binder joined IPC in April 2008 and previously held the positions of Senior Financial Analyst, Assistant Vice President and Senior Vice President. Mr. Binder oversees IPC's acquisition and structuring process, including underwriting, financing and preparation of its private placement offerings. Mr. Binder has led this department of IPC since 2012, overseeing the company's acquisition and offering of over $6 billion in investment real estate. As a member of IPC's leadership team, he participates in structuring credit facilities and directing the company's long term strategic plans. Mr. Binder received a bachelor degree in finance from the University of Wisconsin at Whitewater and began his career in 2004 working in commercial real estate brokerage, followed by work in the commercial mortgage-backed securities industry. Mr. Binder holds Series 7, 63 and 79 licenses with FINRA, and Illinois Real Estate Broker's license.

Nati N. Kiferbaum joined IPC in 2012 as a Financial Analyst and quickly moved up the ranks to his current position as Senior Vice President, Head of Investment Product Strategy. Since joining IPC, Mr. Kiferbaum has overseen more than $4 billion of capital raised from accredited investors through real estate private placements. As Senior Vice President, Head of Investment Product Strategy, Mr. Kiferbaum oversees IPC's product development and strategy, capital raising initiatives, due diligence process, and strategic relationships. Additionally, he works closely with Inland Securities Corporation, its internal sales staff and real estate financial advisors, to provide the education on underwriting, financing and structure of each IPC real estate product.

Mr. Kiferbaum was recently appointed to the Board of Directors of ADISA, the nation's largest alternative investment securities association, of which he is a member, for a two-year term beginning in 2020. Mr. Kiferbaum received his bachelor degree in finance from the University of Iowa and holds Series 7, 63 and 79 licenses with FINRA.

Dione K. McConnell is a Senior Vice President of IPC. Ms. McConnell joined IPC in December 2012 and oversees investment operations. Ms. McConnell is also a member of IPC's CEO Council which is responsible for directing the company's long term strategic plans. Prior to working with IPC, Ms. McConnell was Vice President of Investor Relations for Retail Properties of America, Inc., a publicly traded real estate investment trust (NYSE: RPAI), from 2007 to 2012. Ms. McConnell has worked with various other companies related to Inland for over 25 years, serving in many capacities in its meeting facility and investment groups, including serving as Assistant Vice President of IREIC from 2000 until 2005 and as Vice President of Investor Relations of Inland Retail Real Estate Trust, Inc. from 2005 until it was acquired in 2007. She received her bachelor degree in marketing from Ball State University in Muncie, Indiana.

Daniel W. Zatloukal has served as Senior Vice President of IPC since 2014. Mr. Zatloukal also serves as the Executive Vice President for IREIC Asset Management, and reports directly to the Chief Executive Officer of IREIC. In his role as Executive Vice President for IREIC Asset Management, Mr. Zatloukal is responsible for overseeing the asset management function for IREIC. Mr. Zatloukal also served as the President of Inland Commercial Real Estate Services LLC and Inland Venture Real Estate Services, LLC from May 2016 through June 2017.

Mr. Zatloukal rejoined IPC in February 2013 after previously working for IPC from 2004 through 2007 in the structuring and financing department. Prior to rejoining Inland, Mr. Zatloukal served as Vice President of Capital Markets at Jones Lang LaSalle in Atlanta from 2007 through 2013. Mr. Zatloukal received his bachelor degree in finance from the University of Illinois at Urbana-Champaign.

Venton J. Carlston currently serves as Director of Investor Reporting and Vice President of IPC. Prior to working with IPC, Mr. Carlston had been the Vice President and Controller of Inland Retail Real Estate Trust, Inc. Mr. Carlston joined IREIC in February 1986. In 1994, Mr. Carlston became Controller of Inland Securities Corporation and Assistant Controller of IREIC. He received his bachelor degree in accounting from Southern Illinois University. Mr. Carlston is a Certified Public Accountant.

Marianne K. Szalkowski is Controller and Vice President of IPC. Ms. Szalkowski joined IPC in 2003 and is currently involved in all aspects of IPC accounting including acquisitions, financing, property operations and preparation of year-end tax information. She received her bachelor degree in accounting and her master's degree in taxation from Northern Illinois University. Ms. Szalkowski is a Certified Public Accountant.

The Property Manager

Pursuant to each Property Management Agreement, the Property Manager is, or will be, responsible for managing, operating and maintaining the applicable Property, which includes, among other things: collecting all rents and assessments from the Property; paying all expenses of the Property from a custodial account established for the Property; preparing an annual budget; hiring and supervising employees, including, but not limited to managers, assistant managers, leasing consultants, engineers, janitors and maintenance supervisors; rendering reports for the Property; making or causing to be made all ordinary or emergency repairs and replacements necessary to preserve the Property; leasing the Property; creating a marketing program for the Property, upon request; exploring strategic alternatives for the Property; and overseeing construction management, upon request. If the Master Tenants request any additional services not specified in the Property Management Agreements, the Property Manager may agree to provide the requested services upon mutually agreeable terms.

Each Property Management Agreement has, or will have, an initial term expiring December 31, 2020, and will automatically renew for successive one-year periods thereafter. Each Property Management Agreement may be terminated: (1) at any time upon the mutual consent of both parties; (2) by either party upon 60 days' notice prior to the expiration of the then-current term; (3) in the event the Property is sold to a third party; (4) by the Master Tenant if the Property Manager violates the Property Management Agreement and fails to cure after notice, as set forth in the Property Management Agreement, or the Property Manager experiences a bankruptcy event, as described in the Property Management Agreement; or (5) by the Property Manager in the event that the Operating Trust or Master Tenant has a "change of control," as defined in the Property Management Agreement.

The Property Manager is, or will be, entitled to certain fees for its services under the Property Management Agreements. See "*Compensation to IPC and Affiliated Parties – Property Management Fees*."

The Property Manager's managers and president are as follows. Mr. Lampi's biography is set forth above.

Name	Age*	Position and Office
Timothy D. Hutchison	54	Manager
Keith D. Lampi	39	Manager
Thomas Lithgow	57	Manager
Shoba Rajanahally	57	Manager
Donna Urbain	58	Manager
Niall J. Byrne	63	President

*As of January 1, 2020

Timothy D. Hutchison has served as a Manager of the Property Manager since April 2014. Mr. Hutchison has also served as a Director of the business manager of Inland Real Estate Income Trust, Inc. since November 2012. Mr. Hutchison joined The Inland Real Estate Group, LLC as Vice President of The Inland Services Group, Inc. in November 2005. In April 2010, he was promoted to President of The Inland Services Group, Inc., overseeing the shared service operation which is responsible for human resources, information technology, risk management, marketing and communications and other support functions. In April 2012, Mr. Hutchison was named to the additional position of Chief Operating Officer for The Inland Real Estate Group, LLC. Mr. Hutchison also serves as a Manager of Inland Residential Real Estate Services, LLC and Inland Property Management, LLC. Outside of Inland, Mr. Hutchison serves as a Director of Pan American Bank & Trust and chairs its Information Technology Steering Committee. Prior to joining Inland, Mr. Hutchison was Deputy Building Commissioner for the City of Chicago Department of Buildings where he oversaw administrative operations as well as occupancy inspections. He also served as an assistant to the mayor in the office of Mayor Richard M. Daley and as finance director for the City's Department of Aviation, where he focused on the financing of the capital improvement programs for O'Hare International and Midway Airports.

Thomas Lithgow is a Manager of the Property Manager. Mr. Lithgow currently serves as the Chief Operating Officer ("**COO**") of Inland National Development Company, LLC. As COO, he provides the day to day oversight, leadership, management, and vision necessary for the implementation of the proper operational controls, administrative and reporting procedures, people and systems in place to effectively contribute to the growth and operating efficiency of the organization.

Mr. Lithgow joined Inland in 2004 as the director of due diligence and was promoted to Vice President later that year. In 2005, Mr. Lithgow accepted a position with Inland American Holdco Management, LLC ("**Holdco**") as Vice President of Property Management and was promoted to Senior Vice President in 2006. In January 2010, he was promoted to President of Holdco where he led teams overseeing a portfolio of retail, office, industrial, and multifamily assets across multiple markets. During his tenure at Holdco, Mr. Lithgow guided the formation and expansion of the company from zero employees and zero assets to over 200 employees and over 800 commercial assets managed which exceeded 48 million square feet and over 7,000 multifamily units. In late 2011 Mr. Lithgow was named Chief Executive Officer and Chairman of the Board for Holdco where he directed until their business combination/merger with Inland American Real Estate Investment Trust, Inc. (now known as InvenTrust Properties Corp.) in late 2014. From 2015 to 2017, Mr. Lithgow was Vice President – Special Projects Director for The Inland Real Estate Group, LLC. Before joining Inland, Mr. Lithgow was the Due Diligence Director for Heritage Realty (and its predecessor). Prior experience includes stints with MS Management Services, VMS Realty, and LaSalle Partners (now JLL).

Mr. Lithgow has over 25 years of extensive real estate experience in the areas of asset management, property management, leasing/brokerage, due diligence, acquisitions, and finance. Mr. Lithgow is an active member of ICSC, and is a licensed real estate managing broker in the state of Illinois. Mr. Lithgow received his bachelor degree in accounting (Cum Laude) from Eastern Illinois University, and is a certified public accountant.

Shoba Rajanahally is a Manager of the Property Manager. Ms. Rajanahally began her career at Inland as an independent insurance consultant in 1994 and subsequently joined the company in 1996 as a senior risk analyst. She was promoted to President of Inland Risk and Insurance Management Services, Inc. in 2006 and currently oversees the risk management operations which provide consultation, insurance procurement, claims management and administrative services as required by the Inland entities. Ms. Rajanahally and her team have been responsible for managing diversified real estate assets in excess of $25 billion and servicing a Captive insurance company, a bank holding company, land and condo development companies, construction entities, property management

companies, association captive, and tax-deferred property exchanges. Along with servicing the entities, Ms. Rajanahally, in conjunction with the senior risk team members, identifies and evaluates the risk exposures, and actively markets the property/casualty, medical/dental benefits, worker's compensation, directors and officers, fidelity, cyber liability and professional errors and omissions insurance.

Prior to joining Inland, Ms. Rajanahally was a consultant and worked on projects for AAR, Centel, and Sears Mortgage Corporation. Her career in real estate began in 1986 when she worked at Balcor as a risk management analyst. Ms. Rajanahally holds an Associate Risk Management designation and is a licensed property/casualty and life/health producer. She obtained her master of business administration degree from Loyola University of Chicago and bachelor of arts degree in Economics from the University of Chicago. Ms. Rajanahally is an active member and mentor of Risk and Insurance Management Society, Inc. and is a member of the Chubb Real Estate and Hospitality Advisory Board and AIG's Client Advisory Board.

Donna Urbain is a Manager of the Property Manager. Ms. Urbain joined Inland in 2002 and is the principal financial officer of Inland Land Appreciation Fund II, L.P. Ms. Urbain is responsible for the investment accounting department which includes all public partnership accounting functions along with quarterly and annual SEC filings. Ms. Urbain also serves as vice president – controller of IREIC. Prior to joining Inland, Ms. Urbain worked in the field of public accounting for KPMG LLP. Ms. Urbain is a certified public accountant. She received her bachelor degree in accounting from the University of Notre Dame in South Bend, Indiana.

Niall J. Byrne currently serves the President of the Property Manager. Mr. Byrne also serves as President of Inland Investment Real Estate Services, Inc. ("**IIRES**"). In his role as President of IIRES, Mr. Byrne is responsible for overseeing all of property management for IREIC-sponsored investment funds, as well as properties overseen by Inland National Development Corporation and Inland Institutional Capital Partners Corporation. Prior to joining Inland in January 2016, Mr. Byrne served as Executive Vice President and President of Property Management of Retail Properties of America, Inc. since October 2010 and November 2007, respectively. Prior to that time, he served as a Senior Vice President of Inland Holdco Management LLC, which was the property management company for Retail Properties of America, Inc., since 2005. In this role, Mr. Byrne was responsible for the oversight of all of the property management, leasing and marketing activities for Retail Properties of America, Inc.'s portfolio and was involved in its development, acquisitions and joint venture initiatives. Previously, from 2004 to 2005, Mr. Byrne served as Vice President of Asset Management of American Landmark Properties, Ltd., a private real estate company, where he was responsible for a large commercial and residential portfolio of properties. Prior to joining American Landmark Properties, Ltd., Mr. Byrne served as Senior Vice President/Director of Operations for Providence Management Company, LLC, or PMC Chicago, from 2000 to 2004. At PMC Chicago, he oversaw all aspects of property operations, daily management and asset management functions for an 8,000-unit multifamily portfolio. Prior to joining PMC Chicago, Mr. Byrne had over 15 years of real estate experience with the Chicago-based Habitat Company and with American Express/Balcor and five years of public accounting experience. Mr. Byrne received his bachelor degree in accounting from DePaul University and is a Certified Public Accountant.

CONFLICTS OF INTEREST

Conflicts of Interest

IPC, the Asset Managers, the Property Manager, and their respective principals and affiliates will act as the manager, advisor, controlling party or sponsor of other Delaware statutory trusts, limited liability companies, partnerships and other entities from time to time. These other entities presently own properties similar to the Properties, which may compete with the Properties, and may acquire additional properties in the future that may also compete with the Properties. IPC, the Asset Managers, the Property Manager, and their respective principals and affiliates also have existing responsibilities and, in the future, may have additional responsibilities, to provide management and services to a number of other entities. The principal areas in which conflicts are anticipated to occur are as follows.

The Properties may compete with other properties owned or managed by IPC or its affiliates.

IPC or its affiliates may own or operate additional properties that compete with the Properties, including but not limited to a multifamily property known as "Christopher Todd Greenway" located in Surprise, Arizona (the "**Greenway Property**"), within five miles of the Marley Park Property, which is owned by another investment program sponsored by IPC and managed by the Property Manager. If an affiliate owns or were to acquire a multifamily property in the vicinity of either Property, including the Greenway Property, then the Property Manager would be prohibited from directing the Residents or replacement tenants away from renewing their leases and toward leasing property owned by an affiliate within a five-mile radius. However, if a Resident of either Property were to terminate its lease, the Property Manager could direct potential tenants away from the Property and toward leasing a property owned by an affiliate.

The efforts and time of IPC, the Asset Managers, the Master Tenants and the Property Manager will not be solely dedicated to the Trusts.

IPC, the Asset Managers, the Master Tenants and the Property Manager and their principals and affiliates may engage for their own account, or for the account of others, in other business ventures. The interest in such other activities will not necessarily be directed to or consistent with the Trusts.

The landlord-tenant relationship between the Signatory Trustees and the Master Tenants may lead to a conflict of interest.

The Master Tenants and the Signatory Trustees are affiliates of IPC. This may lead to a conflict of interest between their roles under the Master Leases. For example, there would be a conflict of interest if a Master Tenant was in breach of its Master Lease because only the respective Signatory Trustee would have authority on behalf of the Operating Trust to enforce the Master Lease against the Master Tenant. In such a situation, the interests of the Signatory Trustees may not be aligned with the interests of the Investors. See also "*Risk Factors – Risks Related to the Master Lease and Management of the Property – The Trust cannot require the Master Tenant to call on IPC to contribute funds under the Demand Note, nor does the Demand Note include any triggering events mandating such funding*."

Principals of IPC, the Asset Managers, the Master Tenants, and the Property Manager may have conflicts of interest in allocating management time, services and functions among the various entities with which they are engaged.

Principals of IPC, the Asset Managers, the Master Tenants, the Property Manager and their affiliates may have obligations to other entities. Therefore, IPC, the Asset Managers, the Master Tenants, the Property Manager, and their affiliates may have conflicts of interest in allocating management time, services and functions among the various entities with which they are engaged and others that may be organized in the future. IPC, the Asset Managers, the Master Tenants, the Property Manager, and their executive officers will devote as much time as they, in their sole discretion, deem to be reasonably required for the proper management of IPC, the Asset Managers, the Master Tenants, the Property Manager, and the Property. Such parties believe they have the capacity to discharge their responsibilities to the Trusts and the Properties, notwithstanding participation in other present and future investment programs and projects.

The Operating Trusts do not have arm's length arrangements with the Asset Managers, the Property Manager, or the Master Tenants.

The agreements and arrangements among the Operating Trusts, the Asset Managers, the Master Tenants, and the Property Manager were not negotiated at arm's-length. These agreements may contain terms and conditions that are not in the Trusts' best interest or would not be present if the Trusts had entered into arm's length agreements with third parties.

IPC, the Asset Managers, and the Property Manager face conflicts of interest caused by their compensation arrangements with the Parent Trust and/or Operating Trusts.

IPC, the Asset Managers, the Master Tenants, and the Property Manager will receive certain compensation for services rendered regardless of whether distributions are paid to Investors.

The arrangements with ISC were not negotiated at arm's length.

ISC is an affiliate of IREIC. The arrangements with ISC including fees and expenses payable thereunder, were not negotiated at arm's length.

The Trusts, IPC and the Asset Managers share legal representation.

Counsel to the Trusts, IPC, and the Asset Managers in connection with this Offering is the same, and it is anticipated that such representation will continue in the future. As a result, conflicts may arise in the future.

Resolution of Conflicts of Interest

IPC, the Asset Managers, the Master Tenants, and the Property Manager have not developed, and do not expect to develop, any formal process for resolving conflicts of interest. Although the foregoing conflicts could materially and adversely affect the Properties, the parties, in their sole judgment and discretion, will try to mitigate such potential adversity by the exercise of their business judgment in an attempt to fulfill their obligations. There can be no assurance that such an attempt will prevent adverse consequences resulting from the numerous conflicts of interest.

The Placement Agent

In August 2014, ISC submitted the AWC to FINRA, the self-regulatory organization that oversees broker dealers, for the purpose of proposing a settlement of certain alleged rule violations. Without admitting or denying the findings, ISC consented to an entry of findings of certain violations of FINRA Rules, including those related to its due diligence obligations in connection with its activities as placement agent to two private placement offerings. FINRA accepted the AWC on August 27, 2014. In connection with the AWC, ISC consented to a fine of $40,000, and agreed to (1) retain an independent consultant to review its written supervisory procedures, and (2) revise its written supervisory procedures as recommended by the independent consultant. ISC has fully complied with the terms and conditions of the AWC.

ISC has been in the securities business for 30 years, and has not received any complaints regarding the two private placement programs and has never before been the subject of any FINRA disciplinary actions, proceedings or fines. ISC believes that the matter will not have a material adverse effect on it or its business. In addition, ISC is not aware of any negative impact, and does not expect the FINRA settlement to have any negative impact, on the investors in any programs for which ISC has served or is serving as dealer manager or placement agent.

PRIOR PERFORMANCE OF IPC AFFILIATES

The information presented in this section represents the historical experience of real estate programs sponsored by IPC. You should not assume that you will experience returns, if any, comparable to those experienced by investors in such prior real estate programs. You will not acquire any ownership interest in any of the entities to which the following information relates.

Introduction

In March 2001, IPC was formed to provide replacement properties for people wishing to complete a Section 1031 Exchange, as well as investors seeking a quality, multiple-owner real estate investment. As of December 31, 2019, IPC had sponsored 255 private placement programs. As of December 31, 2019, these private placement programs had offered approximately $5.5 billion in equity to over 12,500 investors. Purchasers who have participated in more than one prior real estate program sponsored by IPC have been counted as an investor for each program.

The 255 private placement programs include 716 properties, comprised of over 52.1 million square feet of gross leasable area, and including over 20,100 residential units, for an aggregate offering price of more than $11.0 billion. Of these properties, 411 are retail properties and centers, 39 are office buildings, 51 are medical office/healthcare, 11 are industrial and distribution centers, 77 are multifamily properties, eight are student housing properties, 110 are self-storage locations, six are hospitality properties and three are senior living properties. In the aggregate, 90% of the properties were existing construction and 10% were new construction (the year of completion is within one year of the year of the offering). In addition to the properties described above, the 255 private placement programs include three programs that intend to qualify as "qualified opportunity funds" under the Code, and to develop hotel and multifamily properties.

As of December 31, 2019, 120 of the assets had been sold.

The United States economy has experienced a significant amount of volatility in recent years, and some of the IPC programs have experienced adverse business developments, including without limitation tenant bankruptcies, vacancies and rent reductions. In addition, as of December 31, 2019, 12 programs were encumbered by loans which are in "hyper-amortization," meaning that the interest rate for that loan has increased and all of the cash flow from the property or properties securing the loan is being used to pay down the principal balance of the loan. As a result of these and other developments, certain of the IPC programs have not met the operational and distribution levels anticipated in the projections set forth in the private placement memoranda for those programs. The material adverse business developments experienced by the prior IPC programs are discussed in the notes following the tables below.

The tables set forth in this section are updated on a quarterly basis.

Program Dispositions

The following table presents all program dispositions, by property type, through December 31, 2019. The table reflects the date on which the property owned by the program was originally offered to investors and the date it was sold, as well as the "**Offering Price**," which represents the price paid by the program for the property or properties, plus all estimated costs and expenses related to the acquisition and financing, all estimated costs and expenses related to the offering and any initial contribution to the reserve account, if applicable, and the property sales price. The table presents only those programs with a sale date of less than 10 years prior to December 31, 2019.

Investors should note that the following table does not include programs in which the subject property was in foreclosure. In all such situations, IPC has negotiated with the applicable lender and advanced funds to the investors to allow the investors to exchange their beneficial interests in the original program for a proportional beneficial interest in a new program, in an attempt to continue their Section 1031 exchanges and avoid potential capital gains and/or forgiveness of debt tax liabilities, referred to herein as an "**investment continuation**." The investment continuation programs are explained in greater detail in the notes that follow the "Currently Operating Programs" table. In certain instances, as noted in the following table, an investment continuation option also was offered in connection with a sale. No assurances can be provided, however, to the effect that any individual investor's transaction will qualify under Section 1031.

The following terms as used in the table below shall have the meanings set forth in this paragraph. "**Total Return**" is calculated by dividing the sum of amounts distributed to investors over the hold period of the investment plus the sale proceeds returned to the investors, by such investors' capital invested in the program. The Total Return calculation is used for sold properties to reflect the overall profitability of the program. The average rate of return, or "**ARR**," represents the average annual amount of cash flow generated over the life of an investment. The ARR is calculated as the sum of total cash flows distributed during the term of the investment plus any profit or loss on the Offering Price, divided by the investment period.

Program Name*	Program Offering Date	Property Sale Date (See note (A))	Hold Period (Years)	Offering Price	Property Sales Price	Average Rate of Return (ARR)	Total Return	Notes
MULTIPLE OWNER PROPERTIES								
Retail Properties								
Huntington Square 1031, L.L.C.	08/30/2004	07/15/2011	6.68	$39,200,000	$40,200,000	6.99%	146.01%	
Pets Bowie DBT	05/31/2002	10/05/2011	9.42	$3,900,000	$5,100,000	11.26%	206.04%	
BBY Schaumburg 1031, L.L.C.	06/01/2004	03/08/2013	8.67	$13,605,000	$12,400,000	2.71%	123.52%	
Discount Retail Portfolio II DST	10/21/2011	09/17/2013	1.92	$11,308,080	$11,940,439	11.60%	121.27%	
Lubbock Private Placement DST	05/03/2010	11/14/2013	3.50	$9,078,556	$9,800,000	10.84%	137.04%	
College Station Retail DST	03/15/2012	11/14/2013	1.58	$11,605,425	$12,000,000	12.05%	119.08%	
Eden Prairie 1031 DST	08/01/2007	11/15/2013	6.25	$20,338,000	$18,567,888	4.27%	126.30%	
Pharmacy Portfolio DST	02/08/2010	02/21/2014	4.00	$12,715,000	$15,656,000	11.83%	147.33%	
1031 Chattanooga DBT	07/15/2002	04/22/2014	11.75	$3,400,000	$3,300,000	5.86%	168.37%	
Stoughton 1031, L.L.C.	10/01/2004	06/19/2014	9.67	$19,950,000	$20,000,000	6.10%	158.53%	
Fox Run Square 1031 Venture, L.L.C.	06/07/2008	08/22/2014	6.08	$26,710,000	$25,650,000	6.31%	138.36%	
Cross Creek 1031, L.L.C.	03/31/2004	08/27/2014	10.33	$12,078,762	$11,498,312	3.71%	138.03%	
Waukesha 1031 DST	10/01/2007	09/29/2014	7.00	$20,290,000	$18,275,353	5.01%	134.64%	
Grand Chute DST	02/02/2003	03/05/2015	11.50	$12,048,350	$12,200,000	8.07%	191.46%	
Hobart 1031, L.L.C.	07/17/2004	05/14/2015	10.75	$6,600,000	$6,093,000	4.18%	120.99%	See note (B).
Convenience Net Lease DST	11/18/2013	06/01/2015	1.50	$31,625,243	$35,329,302	18.25%	125.85%	
West St. Paul 1031 Venture DST	09/01/2007	06/30/2015	7.83	$8,075,000	$6,600,000	0.92%	107.10%	
Plainfield 1031, L.L.C.	01/23/2004	12/03/2015	11.83	$24,400,000	$21,000,000	3.28%	138.80%	
Broadway Commons DBT	10/25/2002	01/12/2016	13.25	$17,250,000	$14,500,000	4.36%	157.46%	
Chicagoland Grocery Venture II DST	10/29/2013	05/18/2016	2.58	$21,862,604	$25,000,000	22.88%	156.92%	
PNS Grocery DST	04/30/2012	07/29/2016	4.25	$13,302,225	$13,000,000	5.70%	124.20%	
Naperville Retail Center DST	07/31/2013	09/08/2016	3.08	$26,462,500	$30,150,000	15.92%	149.08%	
New York Grocery DST	02/06/2013	12/15/2016	3.83	$24,076,811	$20,000,000	-6.72%	77.04%	See note (C).
Craig Crossing 1031, L.L.C.	03/31/2006	01/24/2017	10.92	$30,630,000	$16,700,000	-6.25%	33.90%	See note (D)
Cincinnati Eastgate 1031 LLC	09/16/2005	07/24/2017	11.83	$6,110,000	$2,500,000	-3.49%	59.85%	See note (D).
Chicagoland Fresh Market Venture DST	03/20/2013	11/28/2017	4.67	$54,100,035	$65,425,000	11.27%	152.57%	See note (E).
Modesto Retail Center DST	04/17/2014	05/01/2018	4.2	$47,224,746	$46,000,000	5.32%	122.18%	
Hillsboro 1031 DST	01/04/2010	05/04/2018	8.42	$24,250,000	$19,875,000	4.02%	133.81%	

Program Name*	Program Offering Date	Property Sale Date (See note (A))	Hold Period (Years)	Offering Price	Property Sales Price	Average Rate of Return (ARR)	Total Return	Notes
Chicagoland Grocery Venture DST	04/11/2011	08/16/2018	7.25	$23,430,000	$25,500,000	9.53%	169.08%	
BJS Syracuse Exchange LLC	06/15/2004	09/14/2018	14.42	$15,850,000	$14,650,000	5.95%	185.80%	
Austell Springing LLC	03/11/2009	12/20/2018	9.75	$14,982,000	$10,750,000	2.10%	120.52%	
Clay 1031, L.L.C.	06/07/2004	06/12/2019	14.73	$7,145,000	$5,500,000	3.50%	151.53%	
Olivet Church DST	06/01/2006	06/27/2019	12.88	$23,270,000	$11,150,000	-2.81%	63.78%	See note (F).
Honey Creek DST	10/10/2006	06/28/2019	12.55	$29,270,000	$11,700,000	-3.79%	52.39%	See note (F).
Vegas Fitness Center DST	11/19/2015	09/19/2019	3.83	$55,625,000	$53,500,000	3.85%	117.66%	
Office Properties								
Inland 220 Celebration DBT	09/09/2002	09/19/2012	10.08	$33,800,000	$31,100,000	7.26%	172.57%	
Oak Brook Kensington, DST	04/08/2005	04/24/2014	9.08	$44,950,000	$37,000,000	1.02%	109.22%	
Winston-Salem Office DST	01/20/2012	12/19/2014	2.92	$39,855,304	$43,250,000	7.04%	120.53%	
Macon Office DST	10/10/2003	07/20/2015	11.83	$12,160,000	$11,400,000	5.88%	169.12%	
Charlotte 1031 DST	05/01/2006	03/30/2016	9.92	$58,750,000	$37,959,165	-2.30%	76.61%	See note (D).
Plano 1031 Limited Partnership	06/20/2007	05/17/2016	8.92	$28,550,000	$11,200,000	-4.42%	60.99%	See note (D).
Carmel Office 1031, L.L.C.	07/29/2008	05/15/2017	8.75	$33,240,000	$28,600,000	4.15%	136.27%	
Inland Chicago Grace L.L.C.	06/01/2007	04/17/2018	10.75	$14,885,000	$13,500,000	3.78%	140.63%	
Charlotte Office DST	10/15/2008	03/12/2019	10.42	$21,970,000	$17,000,000	2.37%	124.13%	See note (G).
Bristol 1031 DST	02/09/2009	06/21/2019	10.37	$13,995,000	$2,000,000	-2.12%	78.18%	See note (F).
Sentry Office Building DBT	01/02/2002	07/15/2019	17.65	$11,000,000	$9,850,000	8.48%	228.91%	
North Baltimore Office DST	10/01/2008	09/26/2019	10.98	$83,400,524	$99,280,000	7.34%	180.37%	See note (H).
North Albuquerque Office DST	10/01/2008	11/15/2019	11.13	$14,019,476	$9,000,000	9.76%	208.45%	
Industrial Properties								
Davenport 1031, L.L.C.	08/01/2003	05/31/2012	8.67	$28,200,000	$26,125,842	5.84%	150.16%	
Mason City 1031, L.L.C.	07/30/2004	01/10/2014	9.33	$11,000,000	$10,144,199	5.74%	153.58%	
Jefferson City 1031, L.L.C.	12/15/2004	06/30/2014	9.42	$20,735,000	$14,350,000	1.14%	110.55%	
Zionsville Ground Express DST	09/22/2014	09/06/2016	1.92	$35,189,583	$37,100,000	11.89%	122.79%	
Deer Park 1031 DST	03/28/2008	07/27/2017	9.33	$10,575,000	$6,000,000	-3.51%	67.82%	See note (D).
Janesville 1031 L.L.C.	05/15/2003	08/14/2017	14.25	$20,500,000	$15,900,000	4.97%	169.96%	
Schaumburg 1031 Venture, L.L.C.	09/15/2007	12/20/2019	12.25	$9,850,500	$3,875,000	-0.06%	93.30%	See note (F).
Multifamily Properties								
Naples Multifamily DST	09/06/2013	07/31/2015	1.92	$18,043,793	$20,250,000	24.08%	144.15%	
Denver MSA Multifamily DST	02/21/2014	12/01/2015	1.75	$49,092,573	$56,750,000	22.23%	138.90%	
Bradenton Multifamily DST	10/10/2012	05/31/2017	4.67	$44,038,085	$50,500,000	11.39%	153.17%	
Dallas MSA Multifamily DST	09/25/2013	08/29/2017	3.92	$80,998,164	$86,000,000	6.54%	125.61%	
Austin Lakeshore Multifamily DST	02/26/2015	02/22/2018	3.01	$45,451,864	$50,500,000	10.61%	132.70%	

Program Name*	Program Offering Date	Property Sale Date (See note (A))	Hold Period (Years)	Offering Price	Property Sales Price	Average Rate of Return (ARR)	Total Return	Notes
Pearland Multifamily DST	03/21/2014	01/24/2019	4.83	$56,388,081	$57,500,000	5.62%	126.69%	
San Antonio Multifamily DST	05/19/2014	01/31/2019	4.67	$53,365,096	$46,000,000	-2.47%	88.43%	
Denver Multifamily Portfolio DST	08/10/2015	03/13/2019	3.58	$20,478,099	$21,850,000	9.17%	131.34%	
Jacksonville Multifamily DST	11/14/2014	04/12/2019	4.42	$45,674,330	$48,500,000	5.89%	125.90%	
Colorado Multifamily Portfolio DST	12/02/2014	05/30/2019	4.50	$184,873,551	$206,500,000	9.60%	142.73%	
Louisville Multifamily DST	06/30/2014	06/11/2019	4.95	$40,446,295	$45,500,000	8.50%	140.70%	
Chicagoland Multifamily DST	06/18/2012	08/30/2019	7.20	$13,779,945	$15,240,000	7.85%	154.85%	
San Antonio Multifamily II DST	05/19/2015	12/09/2019	4.58	$34,783,958	$34,500,000	2.82%	112.90%	
Colorado Multifamily Portfolio II DST	12/07/2015	12/11/2019	4.00	$59,040,631	$72,500,000	13.86%	155.84%	
Student Housing Properties								
Orlando Student Housing DST	09/04/2015	05/31/2018	2.67	$78,240,475	$81,721,250	10.63%	128.33%	
Medical Office Properties								
Medical Office Portfolio DST	08/21/2014	07/24/2018	3.75	$35,652,079	$45,775,000	11.23%	142.10%	
Other								
Opportunity Fund II, L.L.C.	01/31/2011	06/03/2014	3.25	$7,528,819	$8,115,416	6.91%	121.89%	
CUSTOM (SOLE OWNER) PROPERTIES								
Retail Properties								
Mobile Entertainment 1031, L.L.C.	10/15/2004	11/14/2011	7.08	$1,578,000	$1,317,647	0.60%	104.26%	
Edmond 1031, L.L.C.	02/23/2005	09/19/2013	8.42	$3,765,000	$4,271,720	9.89%	183.21%	
Indianapolis Entertainment 1031, L.L.C.	10/15/2004	01/23/2014	9.33	$2,190,000	$2,137,500	16.45%	131.23%	
Forestville 1031, L.L.C.	01/12/2004	03/07/2014	9.92	$3,900,000	$3,025,000	4.28%	142.09%	
Madison 1031, L.L.C.	02/10/2006	05/01/2015	9.17	$2,987,500	$2,900,000	4.38%	139.77%	
Aurora 1031, L.L.C.	01/23/2004	01/05/2016	12.17	$3,550,000	$3,516,750	6.08%	155.07%	
Port Richey 1031, L.L.C.	06/04/2004	04/13/2016	11.92	$5,975,000	$2,200,000	-3.80%	55.06%	See note (I).
Burbank 1031, L.L.C.	04/09/2007	06/05/2017	9.83	$11,345,000	$9,350,000	2.13%	120.93%	
Multifamily Properties								
Cary Custom 1031, L.L.C.	02/19/2016	10/11/2019	3.67	$27,771,102	$31,350,000	9.05%	133.49%	

*Please note that the program name presented in this table is the name of the program as original offered to investors. Following the original offering date, certain programs may have changed form, through a conversion to a DST or a springing event to an LLC, resulting in a subsequent name change.

Notes to Program Disposition Table

(A) Post-December 31, 2019 Sales. As noted above, this table presents only those programs with a sale date of less than 10 years prior to December 31, 2019. However, as of the date of this Memorandum, one additional property had been sold, as follows: Omaha Headquarters Venture DST located in Omaha, Nebraska was sold on January 10, 2020 for a sale price of $15,500,000.

(B) Hobart 1031, L.L.C. The ARR calculation has been adjusted to reflect a $3,428,991 reduction in outstanding equity from financing proceeds made early in the program's existence.

(C) New York Grocery DST – Program Continuation Offered. Because the Pathmark Grocery Store owned by New York Grocery DST was sold for a price substantially lower than the amount originally offered, the investors in New York Grocery DST were offered the option to continue their 1031 exchange program with IPC, which may provide them with an opportunity to defer tax consequences associated with the respective sale. Specifically, the investors in New York Grocery DST were offered the option of reinvesting their sale proceeds into Gulf Coast Industrial DST, which owns the Dow Chemical Warehouse Facilities located in Addis, LA (see the "Currently Operating Programs" table below). Neither the asset manager nor IPC received an asset management or acquisition fee in connection with transferring investors into Gulf Coast Industrial DST; additionally, no property management fees will be paid for this property. The investors in New York Grocery DST also were offered the option of reinvesting their sale proceeds into certain programs sponsored by IPC that (1) had a loan-to-offering price ratio greater than 50%, and (2) had at least $1 million in equity available for investment as of the date of sale of the Pathmark Grocery Store (such programs collectively, the "**Alternate Continuation Options**"). Investors were able to purchase interests in the Alternate Continuation Options at a price that was net of selling commissions, dealer fees, placement agent fees and acquisition fees.

(D) Multiple Programs – Program Continuation Offered. Because each of the Craig Crossing Shopping Center in McKinney, TX, the HH Gregg Store in Cincinnati, OH, The Belk Corporate Headquarters in Charlotte, NC, the Plano Data Center in Plano, TX and the FlowServe Industrial Building in Deer Park, TX (for these purposes, collectively, the "**2016/17 Sold Properties**") was sold for a price substantially lower than the amount originally offered, the investors in each such program were offered the option to continue their 1031 exchange program with IPC, which may provide them with an opportunity to defer tax consequences associated with the respective sale as well as potentially rebuild equity through the self-amortizing debt structure associated with the new investment. Specifically, the investors in the 2016/17 Sold Properties were offered the option of reinvesting their sale proceeds into Gulf Coast Industrial DST, which owns the Dow Chemical Warehouse Facilities located in Addis, LA (see the "Currently Operating Programs" table below). Neither the asset manager nor IPC received an asset management or acquisition fee in connection with transferring investors into Gulf Coast Industrial DST; additionally, no property management fees will be paid for the property.

(E) Chicagoland Fresh Market Venture DST. This program owned two Mariano's Fresh Market stores, located in Palatine and Vernon Hills, IL. The Vernon Hills store was sold on August 17, 2016, and the Palatine store was sold on November 28, 2017.

(F) Multiple Programs – Program Continuation Offered. Because each of the Olivet Church Shopping Center in Paducah, KY, the Honey Creek Commons Shopping Center in Terre Haute, IN, the former Jones Apparel Office Building in Bristol Township, PA and the former Apria Healthcare Building in Schaumburg, IL (for these purposes, collectively, the "2019 Sold Properties") was sold for a price substantially lower than the amount originally offered, the investors in each such program were offered the option to continue their 1031 exchange program with IPC, which may provide them with an opportunity to defer tax consequences associated with the respective sale as well as potentially rebuild equity through the self-amortizing debt structure associated with the new investment. Specifically, the investors in the 2019 Sold Properties were offered the option of reinvesting their sale proceeds into Zero Coupon Chicagoland Office DST, which owns the single-tenant office building leased 100% to Zurich American Insurance Company, were offered the option of reinvesting their sale proceeds into ZC Pharmacy VIII DST, which indirectly owns 16 properties operated as CVS pharmacy stores, or were offered the option of reinvesting their sale proceeds into Phoenix Senior Living DST, which owns a senior living facility operated as Mountain Park Senior Living, in each case net of acquisition/sponsorship fees, selling commissions, dealer fees and placement agent fees.

(G) Charlotte Office DST. Charlotte Office DST was converted to Charlotte Office Springing, L.L.C. on April 3, 2018. The Total Return and ARR were positive numbers, representing a return on investment greater than the original investment amount, as reflected in the table above; however, because the ownership structure at the time of sale was a limited liability company rather than a DST, the investors in each such program were offered the option to

continue their 1031 exchange program with IPC, to provide them with an opportunity to defer tax consequences associated with the respective sale. Specifically, the investors were given the opportunity to remain as members of Charlotte Office Springing, L.L.C., and Charlotte Office Springing, L.L.C. then invested the remaining equity from those investors into National Multifamily Portfolio IV DST. National Multifamily Portfolio IV DST offered its interests to Charlotte Office Springing, L.L.C. net of acquisition fees, selling commissions, dealer fees and placement agent fees.

(H) North Baltimore Office DST and North Albuquerque Office DST. Originally offered as RR-HV Venture Holdings DST on October 1, 2008, RR-HV Venture Holdings DST owned beneficial interests in Hunt Valley DST, which owned a 377,332 square foot office building located in Hunt Valley, Maryland, and Rio Rancho DST, which owned a 76,768 square foot office building located in Rio Rancho, New Mexico. The Hunt Valley property and the Rio Rancho property are both 100% leased to Bank of America, N.A. The asset manager negotiated lease extensions with Bank of America, N.A. at each property, for 10 years at the Hunt Valley location and for five years at the Rio Rancho location. In order to execute the lease extensions, the Hunt Valley DST and Rio Rancho DST were converted to limited liability companies. On October 6, 2017, the asset manager obtained a new five-year loan from Parkway Bank & Trust Company, secured only by the Hunt Valley property, which paid off the original loans on both the Hunt Valley and Rio Rancho properties. On June 27, 2019, the limited liability companies were converted to North Baltimore Office DST (Hunt Valley Property) and North Albuquerque Office DST (Rio Rancho Property). The Hunt Valley property was sold on September 26, 2019 and the Rio Rancho property was sold on November 15, 2019.

(I) Port Richey 1031, L.L.C. The property was sold on April 13, 2016 for $2,200,000, just below the debt payoff amount of $2,278,213.70. The sole owner of Port Richey Plaza was offered the option to continue their 1031 exchange program with IPC through a transfer into Gulf Coast Industrial DST, as described in note (B) above, but chose not to do so.

Currently Operating Programs

The following tables present IPC-sponsored programs, by property type, that, as of December 31, 2019, were operating and had completed their private placement offerings (or were offered as investment continuation programs). The tables reflect the date on which the property owned by the program was originally offered to investors, as well as the acquisition price. If the property is encumbered by a loan, the tables include the original loan-to-value stated in the private placement memorandum ("**LTV**") for that program. The tables also reflect the total equity raised by the program.

The tables reflect the actual annualized cash-on-cash return as compared to the cash-on-cash return projected for the calendar year ended December 31, 2019 (as set forth in the private placement memorandum for that program), as well as the average cash-on-cash return from inception through December 31, 2019. In the event that the private placement memorandum projections for any particular program have ended, as noted in the "Notes" column, the return set forth in the "Projected Cash-on-Cash Return 2019" column reflects the actual cash-on-cash return for the calendar year ended December 31, 2019.

The following tables present only those programs with an offering date of less than 10 years prior to December 31, 2019. The tables have been updated as of December 31, 2019.

The following terms as used in the tables below shall have the meanings set forth in this paragraph. A "**cash-on-cash return**" is calculated by dividing the amounts distributed to investors over the indicated period by such investors' capital invested in the program, less any proceeds returned in a refinance or a sale. All cash-on-cash returns set forth herein represent distributions to investors solely from property operations and not from other sources, except as otherwise described in the notes. With respect to properties subject to a master lease, the cash-on-cash return takes into account additional rents, but not supplemental rents, consistent with the original projections for such program. Supplemental rents have been excluded from this calculation due to the fact that they are not paid until after the end of the calendar year. The "**Offering Price**" represents the price paid by the program for the property or properties, plus all estimated costs

and expenses related to the acquisition and financing, all estimated costs and expenses related to the offering and any initial contribution to the reserve account, if applicable.

Table 1 – Multiple Owner Programs

Each of the following programs is owned by more than one investor.

Program Name**	Program Offering Date	Total Equity Raised	Original LTV	Offering Price	Actual Annualized Cash-on-Cash Return 12/31/2019	PPM Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 12/31/2019	Notes
Retail Properties								
National Retail Portfolio Venture DST	01/10/2011	$20,960,000	48.01%	$40,313,200	6.85%	6.85%	6.47%	
Discount Retail Portfolio DST	02/28/2011	$10,500,000	0.00%	$10,500,000	7.06%	7.05%	7.05%	
National Net Lease Portfolio DST	06/20/2011	$29,002,065	46.01%	$53,718,065	1.67%	7.13%	5.42%	
Grocery & Pharmacy Portfolio DST	08/10/2011	$23,425,285	47.67%	$44,768,285	2.25%	7.30%	5.34%	See note (4).
Pharmacy Portfolio II DST	08/23/2011	$14,636,594	59.65%	$36,271,894	6.65%	6.65%	6.65%	
Discount Retail Portfolio III DST	12/27/2011	$6,181,096	0.00%	$6,181,096	6.60%	6.60%	6.60%	
Chicagoland Street Retail DST	02/29/2012	$3,426,177	40.68%	$5,776,177	4.00%	3.37% (2017 actual*)	4.77%	
CW Pharmacy I DST	04/16/2012	$17,977,380	48.24%	$34,734,380	6.13%	6.13%	6.07%	
National Net Lease Portfolio II DST	05/16/2012	$30,351,220	42.46%	$52,751,220	3.79%	6.00%	5.41%	See note (5).
CW Pharmacy II DST	06/29/2012	$9,965,666	48.53%	$19,360,666	6.22%	6.28%	6.17%	
Mt. Pleasant Retail Venture DST	08/22/2012	$11,110,235	53.83%	$24,061,153	6.44%	6.44%	6.37%	
Family Discount Portfolio DST	10/12/2012	$5,557,102	0.00%	$5,557,102	6.00%	6.00%	6.00%	
W Pharmacy I DST	10/15/2012	$13,430,703	49.25%	$26,465,703	6.23%	6.23%	6.23%	
Pharmacy Portfolio V DST	12/26/2012	$7,066,649	67.59%	$21,806,649	6.00%	6.00%	6.02%	
DC MSA Retail DST	01/09/2013	$8,665,509	50.39%	$17,465,509	7.00%	7.00%	6.65%	
Cranberry Retail Venture DST	01/31/2013	$11,406,454	45.56%	$20,951,454	6.00%	6.00%	6.02%	
National Net Lease Portfolio III DST	03/08/2013	$12,283,677	0.00%	$12,283,677	5.87%	5.87%	5.67%	
Discount Retail Venture I DST	04/08/2013	$5,308,050	56.52%	$12,208,050	5.90%	5.90%	5.82%	See notes (2) and (6).
Pharmacy Portfolio VI DST	05/13/2013	$9,718,202	69.53%	$31,891,411	4.00%	4.00%	4.00%	
Downers Grove Retail DST	06/26/2013	$11,604,054	0.00%	$11,604,054	5.30%	5.50%	5.51%	See note (7).
Huntsville Retail Center DST	07/11/2013	$13,883,448	49.23%	$27,344,448	6.18%	6.52%	6.15%	
Discount Retail Venture II DST	08/26/2013	$6,592,296	52.51%	$13,882,296	6.00%	6.00%	6.02%	
National Net Lease Portfolio IV DST	12/04/2013	$15,694,464	0.00%	$15,694,464	6.00%	5.14%	6.00%	
West Hartford Grocery Center DST	01/15/2014	$8,160,000	49.00%	$16,000,000	5.25%	5.25%	5.26%	See note (8).
Pharmacy Sale Leaseback DST	01/23/2014	$16,280,816	71.45%	$57,021,864	4.00%	4.00%	4.01%	
Lake Geneva Retail DST	02/04/2014	$19,929,666	0.00%	$19,929,666	3.50%	5.00%	4.27%	
National Net Lease Portfolio V DST	03/28/2014	$37,089,317	54.96%	$82,051,937	3.95%	5.14%	4.88%	See note (9).

Program Name**	Program Offering Date	Total Equity Raised	Original LTV	Offering Price	Actual Annualized Cash-on-Cash Return 12/31/2019	PPM Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 12/31/2019	Notes
Mountain View Retail DST	04/10/2014	$13,359,693	0.00%	$13,359,693	5.00%	5.00%	5.08%	
Keller TX Retail DST	04/30/2014	$11,933,690	0.00%	$11,933,690	5.00%	5.00%	5.03%	
Pharmacy Sale Leaseback II DST	06/3/2014	$10,332,609	71.22%	$35,900,870	4.00%	4.00%	4.01%	
National Net Lease Portfolio VI DST	07/14/2014	$22,895,715	55.01%	$50,887,424	5.75%	5.75%	5.77%	
Family Discount Portfolio II DST	09/30/2014	$8,019,840	59.08%	$19,556,733	5.76%	5.75%	5.77%	
Family Discount Portfolio III DST	09/30/2014	$9,605,882	59.43%	$23,675,899	5.76%	5.75%	5.77%	
Retail Portfolio DST	11/05/2014	$14,380,928	52.83%	$27,101,902	5.00%	5.00%	5.49%	
Pharmacy Portfolio VII DST	11/21/2014	$14,818,729	74.60%	$58,352,335	4.05%	4.05%	4.05%	
Rancho Cordova Retail Center, LLC	04/06/2015	$16,654,163	47.44%	$31,684,163	6.00%	6.73%	6.00%	
Bi-Coastal Home Improvement DST	06/24/2015	$59,043,471	51.05%	$120,622,221	5.21%	5.21%	5.32%	
Retail Portfolio II DST	08/25/2015	$12,063,531	62.93%	$32,538,531	5.05%	5.05%	5.67%	
Pharmacy Portfolio VIII DST	10/07/2015	$12,835,947	72.04%	$45,905,947	4.00%	4.00%	4.00%	
East Coast Wholesale DST	03/02/2016	$32,741,394	54.19%	$71,466,394	5.50%	5.50%	5.93%	
National Net Lease Portfolio VII DST	11/19/2015	$89,357,629	40.38%	$149,883,245	5.01%	5.10%	5.16%	
Chicagoland Supermarket Portfolio DST	02/02/2018	$39,769,696	0.00%	$39,769,696	4.00%	4.00%	4.18%	See note (10).
Office Properties								
Omaha Headquarters Venture DST	07/12/2010	$12,390,000	42.08%	$21,390,000	8.44%	8.44%	7.72%	
Miami Office DST	10/04/2010	$8,221,228	0.00%	$8,221,228	7.50%	7.50%	6.90%	See note (11).
University Venture DST	11/01/2010	$10,697,831	0.00%	$10,697,831	5.50%	8.59%	5.98%	See note (3).
Scarborough Medical DST	12/20/2010	$7,334,245	45.59%	$13,480,495	7.00%	7.00%	6.51%	See note (1).
Schaumburg Childcare DST	11/30/2012	$1,817,651	52.39%	$3,817,651	3.00%	0.75% (2017 actual*)	3.04%	See note (12).
Bristol Sports Center DST	12/23/2013	$17,416,433	62.72%	$46,716,433	5.25%	5.25%	5.25%	See note (13).
Industrial Properties								
New York Power DST	06/06/2011	$11,850,000	0.00%	$11,850,000	8.13%	8.13%	7.55%	
Multifamily Properties *(Note: The "PPM Projected Cash-on-Cash Return 2019" for the multifamily programs is consistent with the Additional Rent Cash-on-Cash Returns set forth in the Forecasted Statement of Cash Flows included with the Private Placement Memorandum for each of these programs.)*								
Lafayette Multifamily DST	10/22/2013	$7,367,534	54.15%	$16,067,534	4.00%	6.01%	5.75%	See note (14).
Indianapolis Multifamily DST	10/13/2014	$25,981,840	60.28%	$65,417,840	5.00%	5.00%	5.00%	
Carmel Multifamily DST	01/21/2015	$11,377,246	61.11%	$29,252,246	5.00%	5.00%	5.09%	
Park Creek Steeple Multifamily DST	07/13/2015	$48,566,140	60.36%	$122,531,140	5.00%	5.00%	5.38%	
FL-NY Multifamily Portfolio DST	01/22/2016	$61,151,443	57.53%	$143,973,943	5.00%	5.00%	5.00%	
Ft. Collins Multifamily Portfolio DST	03/11/2016	$39,012,526	57.88%	$92,611,526	5.00%	5.00%	5.01%	
Ft. Collins Multifamily III DST	07/08/2016	$21,715,585	57.98%	$51,680,585	5.00%	5.00%	5.00%	
Milwaukee MSA Multifamily DST	05/27/2016	$30,662,168	48.92%	$60,032,168	5.00%	5.00%	5.00%	

Program Name**	Program Offering Date	Total Equity Raised	Original LTV	Offering Price	Actual Annualized Cash-on-Cash Return 12/31/2019	PPM Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 12/31/2019	Notes
National Multifamily Portfolio I DST	09/07/2016	$120,096,882	50.94%	$244,772,917	5.00%	5.00%	5.00%	
Brighton Multifamily DST	12/07/2016	$24,099,126	60.80%	$61,474,126	5.00%	5.00%	5.00%	
Dallas Multifamily DST	01/18/2017	$22,631,637	60.80%	$53,376,637	5.00%	5.00%	5.00%	
Riverdale Multifamily DST	04/10/2017	$32,937,608	50.05%	$65,937,608	5.15%	5.15%	5.15%	
Denver MSA Multifamily II DST	06/13/2017	$53,962,913	49.31%	$106,459,913	5.10%	5.10%	5.10%	
National Multifamily Portfolio II DST	08/21/2017	$63,028,537	54.00%	$137,008,537	5.00%	5.00%	5.00%	
Colorado Springs Multifamily DST	09/25/2017	$28,974,578	55.41%	$64,974,578	5.00%	5.00%	4.89%	
Colorado Multifamily Portfolio III DST	10/20/2017	$91,625,622	50.83%	$186,334,037	5.00%	5.00%	5.00%	
National Multifamily Portfolio III DST	11/16/2017	$100,617,339	53.85%	$218,042,339	5.00%	5.00%	5.00%	
Colorado Multifamily Portfolio IV DST	02/08/2018	$115,374,057	51.80%	$239,373,307	5.00%	5.00%	5.00%	
Florida Multifamily Portfolio DST	04/18/2018	$36,472,643	52.30%	$76,496,643	5.00%	5.00%	5.00%	
Florida Multifamily Portfolio II DST	06/18/2018	$98,479,389	53.81%	$213,209,389	5.00%	5.00%	5.00%	
National Multifamily Portfolio IV DST	09/14/2018	$138,158,359	50.29%	$277,955,859	5.00%	5.00%	5.00%	
Sun Belt Multifamily Portfolio DST	05/21/2019	$67,591,872	50.85%	$137,510,872	4.85%	4.85%	4.85%	
Fort Myers Multifamily DST	11/12/2018	$23,971,364	53.74%	$51,820,364	4.60%	4.60%	4.60%	
Student Housing Properties								
University Lofts, L.L.C.	07/02/2014	$18,300,000	51.46%	$37,700,000	5.00%	8.57%	5.91%	See note (15).
Charlotte Student Housing DST	10/21/2015	$29,345,975	50.76%	$59,595,975	2.33%	5.00%	3.09%	See note (16).
San Marcos Student Living DST	10/07/2015	$24,321,998	50.79%	$49,422,998	5.00%	5.00%	5.00%	
Medical Office Properties								
Chicagoland Medical Portfolio II DST	04/17/2015	$19,716,000	0.00%	$19,716,000	5.10%	5.10%	5.10%	
Healthcare Portfolio DST	07/28/2015	$35,708,329	0.00%	$35,708,329	5.66%	5.66%	5.51%	
Texas Healthcare Portfolio DST	04/28/2016	$45,751,631	0.00%	$45,751,631	5.51%	5.60%	5.42%	
Indianapolis Medical Office DST	09/19/2016	$13,897,674	0.00%	$13,897,674	5.16%	5.16%	5.15%	
Healthcare Portfolio II DST	02/06/2017	$54,858,510	0.00%	$54,858,510	5.00%	5.00%	5.01%	
Texas Healthcare Portfolio II DST	07/26/2017	$55,020,466	0.00%	$55,020,466	3.59%	5.22%	4.58%	See note (17).
Healthcare Portfolio III DST	09/07/2017	$29,121,408	0.00%	$29,121,408	5.05%	5.05%	5.11%	
Healthcare Portfolio IV DST	12/20/2017	$39,990,338	0.00%	$39,990,338	5.00%	5.00%	5.00%	
Arizona Healthcare DST	05/10/2018	$26,152,407	0.00%	$26,152,407	5.00%	5.00%	5.00%	
Arizona Healthcare II DST	10/04/2018	$84,327,253	0.00%	$84,327,253	5.00%	5.00%	5.00%	
Healthcare Portfolio V DST	08/13/2018	$59,879,155	0.00%	$59,879,155	5.00%	5.00%	5.00%	
Healthcare Portfolio VII DST	02/26/2019	$55,172,296	0.00%	$55,172,296	5.00%	5.00%	5.00%	
Healthcare Portfolio VI DST	12/11/2018	$53,706,501	40.68%	$90,539,535	5.75%	5.75%	5.75%	
Self-Storage Properties								
Self-Storage Portfolio I DST	04/05/2016	$49,364,432	52.01%	$102,864,432	5.00%	5.00%	5.00%	
Self-Storage Portfolio II DST	11/01/2016	$21,827,931	47.01%	$40,359,982	5.00%	5.00%	5.00%	

Program Name**	Program Offering Date	Total Equity Raised	Original LTV	Offering Price	Actual Annualized Cash-on-Cash Return 12/31/2019	PPM Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 12/31/2019	Notes
Self-Storage Portfolio III DST	03/01/2017	$20,001,613	43.14%	$35,176,613	5.00%	5.00%	5.00%	
Self-Storage Portfolio IV DST	03/15/2017	$26,755,741	54.07%	$58,255,741	5.50%	5.50%	5.50%	
Self-Storage Portfolio V DST	08/04/2017	$16,488,801	52.50%	$34,710,801	5.25%	5.25%	5.25%	
Self-Storage Portfolio VI DST	01/18/2019	$26,663,786	0.00%	$26,663,786	5.00%	5.00%	5.00%	
Amarillo Self-Storage Portfolio DST	08/21/2018	$5,486,879	52.65%	$11,586,969	5.16%	5.16%	5.16%	
Hospitality Properties								
Healthcare Hospitality DST	07/17/2018	$26,946,196	45.39%	$49,346,196	6.25%	6.25%	6.25%	
Denver Hospitality Portfolio DST	03/19/2019	$28,163,331	43.86%	$50,163,331	6.00%	6.00%	6.00%	
"Zero Cash Flow" Programs *(Note: These properties are highly leveraged and, by design, will produce no cash flow to maximize the amortization. Principal is amortized over the term of each loan. An investment in a "zero cash flow" program may be appropriate for investors who are selling a property and looking for suitable replacement property to effectuate a Section 1031 exchange, particularly where an investor's previous property was encumbered by high levels of debt.)*								
Pharmacy Portfolio III DST	07/27/2011	$5,005,502	85.80%	$35,240,789	0.00%	0.00%	0.00%	
Pharmacy Portfolio IV DST	11/21/2011	$5,220,068	84.82%	$34,385,204	0.00%	0.00%	0.00%	
Zero Coupon Pharmacy DST	09/10/2012	$4,383,411	84.53%	$28,330,724	0.00%	0.00%	0.00%	
High LTV Replacement DST	03/28/2013	$1,251,375	88.51%	$10,887,009	0.00%	0.00%	0.00%	See note (18).
Zero Coupon Pharmacy II DST	06/17/2013	$5,094,328	84.07%	$31,979,321	0.00%	0.00%	0.00%	
Zero Coupon Pharmacy III DST	09/13/2013	$4,871,587	84.23%	$26,017,681	0.00%	0.00%	0.00%	
Zero Coupon Pharmacy IV DST	02/18/2014	$9,921,950	84.50%	$64,019,982	0.00%	0.00%	0.00%	
Zero Coupon Pharmacy V DST	02/18/2014	$7,857,589	84.50%	$50,693,127	0.00%	0.00%	0.00%	
California Freight Express DST	08/11/2015	N/A	87.72%	$21,931,431	0.00%	0.00%	0.00%	See note (19).
Gulf Coast Industrial DST	02/05/2016	N/A	88.16%	$98,089,282	0.00%	0.00%	0.00%	See note (20).
Zero Coupon Pharmacy VI DST	10/13/2016	$9,642,836	81.79%	$52,959,275	0.00%	0.00%	0.00%	
Zero Coupon Pharmacy VII DST	10/13/2016	$9,208,662	81.58%	$49,986,000	0.00%	0.00%	0.00%	
Zero Coupon Pharmacy VIII DST	10/05/2017	$17,337,655	78.32%	$79,970,823	0.00%	0.00%	0.00%	

* The projections stated in the private placement memorandum for this program ended prior to December 31, 2019, as noted in the "Notes" column. Accordingly, the return set forth in the "Projected Cash-on-Cash Return 2019" column reflect the actual cash-on-cash return for the year ended December 31, 2019.

**Please note that the program name presented in this table is the name of the program as original offered to investors. Following the original offering date, certain programs may have changed form, through a conversion to a DST or a springing event to an LLC, resulting in a subsequent name change.

Table 2 – Custom (Sole Owner) Programs

Each of the following properties is owned by a sole owner. Each sole owner is required to have demonstrated expertise in owning and operating properties similar in location, size and operation to the particular property in the custom (sole owner) program. In addition, these sole owners may exercise more control over their properties than an individual investor and may take actions according to their risk tolerance and based on their experience which may be inconsistent with the original business plan detailed in the private placement memorandum for that program and the recommendation of the asset manager for that program.

Program Name*	Program Offering Date	Total Equity Raised	Loan-to-Value	Offering Price	Actual Annualized Cash-on-Cash Return 2019	Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 12/31/2019	Notes
Retail Properties								
Custom Pharmacy Sale Leaseback, L.L.C.	03/25/2014	$51,430,482	18.84%	$63,365,730	4.25%	4.00%	4.21%	See note (21).
Multifamily Properties								
Custom Lakewood Multifamily L.L.C.	10/03/2018	$23,638,093	55.96%	$51,598,134	4.50%	4.50%	4.50%	
Medical Office Properties								
Custom Tomball Medical, L.L.C.	02/22/2017	$20,828,769	0.00%	$20,828,769	5.25%	5.25%	5.17%	
Custom Tuscaloosa Medical, L.L.C.	02/22/2017	$8,949,793	40.13%	$14,949,793	5.05%	5.05%	4.79%	
Custom Florida Medical, L.L.C.	07/11/2019	$9,758,140	50.36%	$19,658,140	6.00%	6.00%	6.00%	
Self-Storage Properties								
Custom Spring TX Storage, L.L.C.	03/25/2019	$7,874,957	0.00%	$7,874,957	4.85%	4.85%	4.85%	
Custom Tennessee Storage, L.L.C.	06/25/2019	$9,488,307	50.71%	$19,250,807	5.94%	5.94%	5.94%	

*Please note that the program name presented in this table is the name of the program as original offered to investors. Following the original offering date, certain programs may have changed form, through a conversion to a DST or a springing event to an LLC, resulting in a subsequent name change.

Notes to Currently Operating Program Tables

(1) General Note re: DST Conversion. Pursuant to the terms of the trust agreement, this property owner, originally organized as a Delaware statutory trust, converted to a "springing" limited liability company to allow the property owner to take actions it would not otherwise be able to accomplish as a DST.

(2) General Note re: Loan. These properties are encumbered by loans which are currently in hyper-amortization. During hyper-amortization, which continues through the maturity date or until repayment or refinancing occurs, the interest rate increases by 2.00% and all remaining cash flow is used to pay down the principal balance of the existing loan leaving no cash flow available for distribution to investors.

(3) General Note re: Cash-On-Cash Return. The annualized cash-on-cash return was adjusted in order to allocate additional funds to the property reserve account.

(4) Grocery & Pharmacy Portfolio DST. On April 9, 2015, Walgreens announced that it planned to close approximately 200 stores throughout the United States over the next three years. The Walgreens stores located in Corbin, Kentucky and Beckley, West Virginia were closed for business as part of the announced closings, but the tenants are obligated to continue paying rent, common area maintenance, insurance and taxes for these locations until their early termination dates in 2033 (Beckley, West Virginia location) and 2034 (Corbin, Kentucky location). In September 2015, the lender notified the asset manager that, due to the closing of the two Walgreens stores, it initiated a cash flow sweep and established a suspense account for the two closed Walgreens locations. Also, as a result of the two store closings, the asset manager reduced the asset and management fees payable for the portfolio. The tenant at the Corbin location subsequently subleased the premises to a Dollar Tree store. In addition, in the fourth quarter of 2018 the Shop N Save located in Ballwin, MO ceased operations at the property. Due to Shop N Save ceasing operations, pursuant to the loan agreement, the lender has the ability to sweep the rent attributable to that property. At this time the asset manager has not been notified of a cash sweep for this property, however in June 2019, the asset manager adjusted the annual cash-on-cash return to investors to 0.50%.

(5) National Net Lease Portfolio II DST. In the second quarter of 2017, Romano's Macaroni Grill ceased operations and surrendered possession of its leased premises in Dublin, Ohio. The tenant was placed in default for failure to pay rent and the asset manager has pursued legal action. The asset manager has recently been informed that the tenant has filed for Chapter 11 Bankruptcy and as such will no longer negotiate an early lease termination. The tenant of the Sonic restaurant located in Homestead, Florida was also placed in default for failure to pay rent under its lease, and the asset manager has engaged outside counsel to proceed with an action for eviction and damages. The Family Dollar store in Lake City, Georgia ceased operations in the second quarter of 2017 but has continued to pay rent and reimbursements as required by its lease. Pursuant to the loan documents, the lender required the borrower to deposit a monthly amount with the lender equal to the contractual rent in connection with the Family Dollar and Macaroni Grill vacancies. As a result of the lease defaults and vacancies, the cash on cash distribution was adjusted from 6.0% to 2.64% in the first quarter of 2018. As of December 31, 2019, the asset manager was working with a prospective tenant on leasing the former Romano's Macaroni Grill. In the fourth quarter of 2018, the Family Dollar Store in Lake City, Georgia reopened as a Dollar General. Under the loan documents, this constitutes a cure for the borrower required deposits for the Lake City, Georgia property.

(6) Discount Retail Portfolio Venture I DST. Dollar Tree acquired Family Dollar on July 6, 2015. As a result of the acquisition, Dollar Tree's credit rating was downgraded to below "investment grade." Pursuant to the loan documents, the downgrade triggered a sweep of the portfolio cash flow, which commenced on January 1, 2016. The funds were held in an account controlled by the lender as collateral for the loan. As a result, investors ceased receiving distributions during the fourth quarter of 2015. On March 2, 2018 Dollar Tree was upgraded to "investment grade." Under the loan documents, Dollar Tree's credit rating was required to remain at "investment grade" for six months. During the fourth quarter of 2018 the sweep ceased, and the funds held by the lender were distributed back to investors, and distributions recommenced as outlined in the private placement memorandum.

(7) Downers Grove Retail DST. The Property was originally leased to Best Buy and Toys "R" Us. On September 18, 2017, Toys "R" Us, Inc. and certain of its affiliates filed petitions for relief under Chapter 11 of the Bankruptcy Code. Although the original filing did not include TRU 2005 RE I, LLC, the tenant at

the Downers Grove property, the tenant did end up filing for bankruptcy on March 20, 2018. On October 18, 2018, Toys "R" Us rejected its lease at the property and, CBRE, an outside third-party broker, commenced marketing the space for lease. On April 19, 2019, the asset manager signed a lease with Golf Galaxy for the portion of the property previously occupied by Toys "R" Us. Commencing with the February 8, 2019 distribution (representing January operations), the cash-on-cash return was adjusted from 5.50% to approximately 5.30% due to the loss of income from Toys "R" Us; however, the asset manager informed investors that it expected the cash-on-cash return to adjust to the projected 5.50% with the February 2020 distribution (representing January 2020 operations).

(8) West Hartford Grocery Center DST. In the third quarter of 2018, Farmington Bank was acquired in a merger by People's Bank. People's Bank ceased operations in a 3,200 square foot outlot building owned by this program at the end of January 2019. The new entity will continue to be obligated by the terms of the current lease for this building, including the payment of rent and all applicable charges and maintenance requirements until the lease expires on May 31, 2026.

(9) National Net Lease Portfolio V DST. National Net Lease Portfolio V DST originally owned 99% of the beneficial interests in eight other Delaware statutory trusts, one of which was Stoughton Pointe Retail DST, which owned an approximately 131,960 square foot property located in Stoughton, Massachusetts (the "**Stoughton Pointe Property**"). The Stoughton Pointe Property was sold on February 8, 2019 for a sale price equal to $14,750,000, which represents a Total Return of 74.08% based solely on the investment and distributions allocated to the Stoughton Pointe Property. The returns set forth in the "Currently Operating Programs" table above represent returns solely allocated to the remaining properties as of December 31, 2019. The program is not included in the Program Dispositions table above because all of the properties have not been sold.

(10) Chicagoland Supermarket Portfolio DST. At the commencement of the offering in January 2018, this investment program offered its beneficial interests to investors on an all-cash basis, without any mortgage loans in place for the three supermarket properties. Pursuant to a structure summarized in the offering documents for this program, long-term financing in the aggregate amount of $28,093,440 was put in place on the three properties on April 27, 2018. The proceeds of such debt were then distributed to all then-current investors in the program as a return of equity. The private placement memorandum for the program projected a cash-on-cash return equal to 5.00% (on an annualized basis) prior to the financings, and projected a cash-on-cash return equal to 4.00% (on an annualized basis) after the financings. The return reflected in the table above reflects the weighted average return, taking into account the months prior to and following the financings.

(11) Miami Office DST. In the fourth quarter of 2018, the tenant (Check-Alt) was placed in default for failure to pay rent under the terms of its lease, and the asset manager is exploring potential legal action if the default is not cured. Prior to and during the default period, the tenant had expressed a willingness to discuss a renewal of the lease that was scheduled to expire on December 31, 2019; however, the tenant elected to vacate after a one-month holdover. The asset manager is working with its internal leasing team and third-party brokers to procure a replacement tenant, and is concurrently seeking to identify a potential purchaser for the property.

(12) Schaumburg Childcare DST. The original tenant at the property ceased making its rental obligations rent in October 2014, and was evicted in February 2015. As a result of these actions, investors stopped receiving distributions in February 2015. A new tenant, Kidco, Ltd., d/b/a Kids & Company, signed a lease in November 2015, with a commencement date of April 1, 2016 and one year of free rent. The asset manager completed a loan modification with the lender to extend the loan term for an additional five years and to reset the interest rate to 4.50% per annum, which allowed the asset manager to resume distributions to investors in the fourth quarter of 2017.

(13) Bristol Sports Center DST. This property contained two active Underground Storage Tanks ("**USTs**"). As of 2018, the USTs had been in place for 30 years. As such, an application was submitted to the Connecticut Department of Energy and Environmental Protection (the "**CTDEP**") to extend the certification of the USTs for an additional 10 years. In response to the application, the CTDEP indicated that the USTs did not qualify for re-certification, and the asset manager was informed the USTs would need to be removed by

November 1, 2018. AES Remedial Contracting, LLC ("**AES**") was hired to remove the USTs. During the removal process, AES noticed impacted soil and water in the pit of one of the USTs. This discovery was registered with CTDEP on August 7, 2018. It appears the leaking was not recent, nor caused by AES during the removal process. AES has been subsequently engaged to complete the remediation of the impacted area. Additionally, a Licensed Environmental Professional has been engaged to provide direction on the clean-up and complete forensic testing on the soil. At this time, no further remediation is required.

(14) Lafayette Multifamily DST. Pursuant to the loan agreement for the loan encumbering this property, amortization commenced on October 1, 2018. Although an increase in debt service was projected in the original financial forecast, the annual rent growth was less than projected due to local market conditions. As a result, the cash distributions were adjusted to 4.00% beginning with the February 8, 2019 distribution (representing January 2019 operations).

(15) University Lofts, L.L.C. Due to reduced net operating income at the Property (mainly as a result of lower occupancy), the asset manager adjusted the annual cash-on-cash return to investors to 6.32% beginning with the January 2016 distribution. Due to recent market development and activity, the asset manager is taking proactive steps to further improve the property amenities in order to enhance its position within the highly competitive marketplace. As a result, the asset manager further adjusted the annual cash-on-cash return to investors to 5.00% beginning with the April 2017 distribution. During 2018, the asset manager completed a refinance with a new loan from Parkway Bank & Trust Company. The non-recourse, interest-only loan matures April 26, 2021, and currently bears interests at a fixed rate of 4.40% per annum through April 26, 2020, as adjusted 4.55% through April 26, 2021.

(16) Charlotte Student Housing DST. In February 2016, the asset manager engaged a property inspection consultant to inspect the property and prepare a report indicating items needing repair under contractors' warranties. The consultant issued a report which noted, among other items, some cracks in brickwork on one of the apartment buildings and evidence of a leaking pipe under an overhang on the south side of the property's clubhouse. In March 2016, the asset manager engaged a construction consultant to review the warranty repair work being done at the property. The construction consultant subsequently engaged additional experts to investigate and monitor the property. On the advice of the construction consultant in May 2016, one apartment building and the clubhouse were closed and certain tenants were relocated. The majority of repairs at the property had been completed by June 30, 2018. The asset manager also has addressed high humidity levels, moisture and HVAC issues throughout the property. Collectively, the issues described in this footnote may have a material impact on the property. The asset manager adjusted the annual cash-on-cash return to investors to 2.00% beginning with the April 2017 distribution. The asset manager subsequently increased the annual cash-on-cash return to investors to 2.5% beginning with the May 8, 2019 distribution. See also footnote (2) under "*Litigation and Legal Proceedings*" below.

(17) Texas Healthcare Portfolio II DST. The Sponsor offered the program known as Texas Healthcare Portfolio II DST ("**TX Healthcare II**") to investors beginning July 26, 2017. At the time of the offering, Texas Healthcare Portfolio II DST owned a portfolio comprised of the following three medical office facilities: (1) The Kleiman | Evangelista Eye Center, located in Arlington, Texas; (2) the USPS Surgical Institute, located in Houston, Texas and 100% leased to USPS Surgical Institute, LLC, a Texas limited liability company (the "**Houston ASC Property**"); and (3) The Houston Hospital for Specialized Surgery, located in Houston, Texas and 100% leased to US Pain & Spine Hospital, LP, a Texas limited partnership (the "**Houston Hospital Property**"). US Pain & Spine Institute, LLC, a Texas limited liability company, provided a guaranty of the lease obligations for both the Houston ASC Property and the Houston Hospital Property. Recently, the TX Healthcare II asset manager became aware of the following events:

a. The tenant at the Houston Hospital Property has not paid rent for July through September 2018, and has ceased operating the inpatient and surgery services on the second floor of the Houston Hospital Property. In August and September 2018, the property manager sent default letters to the tenant and the guarantor for various reasons, including failure to pay rent. The asset manager drew upon the tenant's security deposit for the tenant's rental obligations, but the security deposit funds were depleted after the rent payment for December 2018. The asset manager has negotiated full payment from a then-prospective subtenant for the period of its occupancy, although the required

security deposit has not been replenished. However, the prospective subtenant elected not to continue negotiating a direct lease with the Master Tenant and vacated the premises on December 31, 2019.

b. In addition, the tenant at the Houston ASC Property has not paid rent for August or September 2018, and has ceased operating at the Houston ASC Property. In August and September 2018, the property manager sent default letters to the tenant and the guarantor for failure to pay rent. The asset manager has drawn upon the tenant's security deposit for the tenant's rental obligations, but the security deposit funds were depleted after the rent payment for September 2018.

The TX Healthcare II asset manager has engaged outside legal counsel to assist with the matters summarized above, and was exploring every avenue to enforce the terms and conditions of the leases and for the asset manager to avail itself of all available legal and equitable remedies. For 2019, the annual cash-on-cash return was adjusted from 5.11% to 3.16%.

See also footnote (2) under "*Litigation and Legal Proceedings*" below.

(18) High LTV Replacement DST. This portfolio was acquired by High LTV Replacement DST for purposes of allowing investors in previously sponsored IPC programs to continue their 1031 exchange programs by exchanging their interests for the beneficial interests in High LTV Replacement DST. The sole owner of a Borders Books in Carmel, IN continued his 1031 program in High LTV Replacement DST in February 2012. Due to the bankruptcy of Borders Books, the Borders property no longer received rental income necessary to fund debt service payments and operating expenses. After thorough market research, analysis, and dialogue with the leasing broker, the asset manager concluded the long term prospects for the Borders property had little upside given the downward pressure on retail rents the market experienced coming out of the market downturn. As a result, the lender took back the property in a deed-in-lieu transaction. With the intent to help the sole-owner avoid the foreclosure process, the asset manager received lender approval for IPC to take over ownership prior to the deed-in-lieu transaction. Subsequent to the foreclosure, IPC advanced approximately $590,539 to the sole owner to cover the equity portion of the High LTV Replacement DST investment. The advance has a term of approximately 9 years (from the date of the advance) and bears interest at a fixed rate of approximately 1.01%. Interest will accrue annually and is to be repaid along with the principal balance upon a sale of the Walgreens Portfolio. In addition, certain co-owners of a CompUSA in Lombard, IL continued their 1031 program in High LTV Replacement DST in April 2013. The CompUSA property was foreclosed upon by the lender after CompUSA went out of business. Such co-owners had originally exchanged from CompUSA into a multi-tenanted retail property known as Robertson's Creek in Flower Mound, TX; however, due to lack of tenant performance at the Robertson's Creek property, certain co-owners elected to exchange out of the Robertson's Creek property and into High LTV Replacement DST. IPC advanced approximately $412,440 in the aggregate to such co-owners to cover the equity portion of the High LTV Replacement DST investment. The IPC advance will mature approximately nine years from the date of the advance, and will bear interest at a fixed rate equal to approximately 1.09% per annum. Interest will accrue annually and will be required to be repaid along with the principal balance upon a sale of the Walgreens Portfolio. Through the advances described above, investors were able to complete a tax-deferred exchange into the High LTV Replacement DST which provided them with an opportunity to defer tax consequences associated with the forgiveness of debt as well as potentially rebuild equity through the self-amortizing debt structure associated with High LTV Replacement DST. Neither the asset manager nor IPC received an asset management or acquisition fee in connection with High LTV Replacement DST.

(19) California Freight Express DST. This property was acquired by California Freight Express DST for purposes of allowing the co-owners of a Wells Fargo Building, located in Fort Wayne, Indiana, to continue their 1031 exchange programs by exchanging their interests in the Wells Fargo Building for beneficial interests in California Freight Express DST in November 2015. Due to continued softness in the Fort Wayne office market, downward pressure on rents and the increasing vacancy rate at the Wells Fargo property, the net operating income was insufficient to fund debt service payments and operating expenses. After thorough market research, analysis, and dialogue with the leasing broker, the asset manager concluded the long term prospects for the Wells Fargo property had little upside with significant downside risk. As a result of the insufficient operating income, the lender initiated foreclosure proceedings on March 18, 2015. With the intent to help investors avoid the foreclosure process, the asset manager received lender

approval for IPC to take over ownership of each co-owner LLC prior to foreclosure. Subsequent to the foreclosure, IPC advanced approximately $2,817,986, in the aggregate, to the co-owners to cover the equity portion of the Federal Express property. Through the advance, investors were able to complete a tax-deferred exchange into the Federal Express property which provided investors an opportunity to defer tax consequences associated with the forgiveness of debt as well as potentially rebuild equity through the self-amortizing debt structure associated with California Freight Express DST. Neither the asset manager nor IPC received an asset management or acquisition fee in connection with transferring investors into California Freight Express DST. The advances have terms of approximately 26.5 years and bear interest at a fixed annual rate equal to approximately 2.82% per annum. Interest will accrue annually and will be required to be repaid along with the principal balance upon a sale of the Federal Express property.

(20) Gulf Coast Industrial DST. This property was originally acquired by Gulf Coast Industrial DST for the purpose of allowing investors in previously sponsored IPC programs to continue their 1031 exchange programs by exchanging their interests for the beneficial interests in Gulf Coast Industrial DST. IPC has advanced approximately $2,313,335 to investors, in the aggregate, to cover the equity portion of the Dow Property, as necessary. At the time of origination, the respective advances each had a term of approximately 26.5 years with an annual interest rate fixed at 2.62%. Interest will accrue annually and will be required to be repaid along with the principal balance upon a sale of the Dow property. These investors have been afforded an option to complete a tax-deferred exchange into Gulf Coast Industrial DST which may provide them with an opportunity to defer tax consequences associated with each sale as well as potentially rebuild equity through the self-amortizing debt structure associated with Gulf Coast Industrial DST. Neither the asset manager nor IPC received an asset management or acquisition fee in connection with transferring investors into Gulf Coast Industrial DST; additionally, no property management fees will be paid for the Dow property.

Investors in the Global Logistics Office Building, located Dublin, OH (the "**Dublin Property**"), were offered the option to continue their 1031 exchange program with IPC through a transfer into Gulf Coast Industrial DST. On November 18, 2016, following a default on the loan encumbering the Dublin Property (the "**Dublin Loan**") and the expiration of the property lease, the lender for the Dublin Loan filed a foreclosure complaint on the Dublin Property and the foreclosure sale was subsequently completed on December 14, 2016. Investors had transferred out of the Dublin Property pursuant to the loan documents prior to the foreclosure.

Investors in the University of Phoenix Building, located in Merrillville, IN (the "**Merrillville Property**"), were offered the option to continue their 1031 exchange program with IPC through a transfer into Gulf Coast Industrial DST. Because the loan encumbering the Merrillville Property was in default, investors had transferred out of the Merrillville Property pursuant to the loan documents prior to a foreclosure of the Merrillville Property.

Investors in certain sold properties also were offered the option to continue their 1031 exchange program. Please see note (C) to the Program Dispositions table.

(21) Custom Pharmacy Leaseback, L.L.C. The sole investor invested $51,430,482 in this program in April 2014. Later in 2014, following such original investment, the property owner borrowed an additional $33,400,000 secured by the properties, which resulted in funds being distributed to the investor and a reduction in the amount of equity invested. This distribution is included in the calculation of Average Cash-on-Cash Return from Inception through December 31, 2016.

Litigation and Legal Proceedings

To the Parent Trust's knowledge, there are no legal actions pending or threatened against the Parent Trust.

With respect to previous IPC-sponsored programs with offering date of less than 10 years prior to December 31, 2019, IPC and its affiliates are involved in the following open legal proceedings:

(1) Charlotte Student Housing DST. On March 16, 2018, Charlotte Student Housing DST and Charlotte Student Housing LeaseCo, L.L.C., as master tenant (together, the "**Charlotte Plaintiffs**"), filed a complaint in the General Court of Justice, Superior Court Division, in the County of Mecklenburg, North Carolina. The

complaint names Choate Construction Company, Dino M. Pappas, Geoscience Group, Miller Architecture, The Sanctuary at Charlotte, LLC, Tony F. Miller and Vrettos Pappas Consulting Engineers, P.A. as defendants. The complaint enumerates various construction, design and workmanship defaults throughout the Arcadia Student Living property. The Charlotte Plaintiffs have alleged the following claims: breach of warranty; professional negligence; fraud; violation of North Carolina Unfair and Deceptive Trade Practices Act; civil conspiracy; and punitive damages. The case is ongoing. On November 14, 2018 the Charlotte Plaintiffs also filed suit against the former property manager, Campus Advantage, LLC, seeking damages for the property manager's role in allegedly concealing evidence related to moisture and humidity issues at the property. On October 9, 2019, the lawsuit was settled on favorable terms pursuant to a Confidential Settlement Agreement, wherein Campus Advantage paid the Charlotte Plaintiffs $70,000 and agreed to cooperate in the investigation and prosecution of the claims against the other defendants

(2) Texas Healthcare Portfolio II DST Portfolio. In 2017, IPC sponsored Texas Healthcare II, as described above, a portfolio comprised of the following three medical office facilities: (1) The Kleiman | Evangelista Eye Center, located in Arlington, Texas; (2) the USPS Surgical Institute, located in Houston, Texas and 100% leased to USPS Surgical Institute, LLC, a Texas limited liability company; and (3) The Houston Hospital for Specialized Surgery, located in Houston, Texas and 100% leased to US Pain & Spine Hospital, LP, a Texas limited partnership. On November 19, 2018, Texas Healthcare Portfolio II LeaseCo, L.L.C., as master tenant for the portfolio, filed a suit in the District Court of Harris County, Texas, against USPS Surgical Institute, LLC and US Pain & Spine Institute, LLC for breach of lease and breach of guaranty related to the Houston ASC Property. Neither the tenant nor the guarantor answered the lawsuit, resulting in a default judgement in excess of $2.8 million. The master tenant entity intends on pursuing payment on the judgment; however, recovery is unlikely. Post-judgment discovery requests have been served on US Pain directed to having US Pain identify any remaining assets against which judgment may be collected. These discovery requests are still pending.

FEDERAL INCOME TAX CONSEQUENCES

The following discussion applies only if an Investor buys an Interest directly from the Parent Trust. You should not view the following analysis as a substitute for careful tax planning, particularly because the income tax consequences of an investment in an Interest are uncertain and complex. Also, the tax consequences will not be the same for all taxpayers. You should be aware that the following discussion necessarily condenses or eliminates many details that might adversely affect you significantly and does not address the tax issues that may be important to you if you are subject to special tax treatment (e.g., if you are a non-resident alien). Except where otherwise noted, this discussion does not discuss aspects of state and local taxation relating to an investment. Each prospective Investor should consult his, her or its own tax advisor about the specific tax consequences to him, her, or it before investing.

The following discussion of federal income tax consequences is based on laws and regulations presently in effect and, except where noted, does not address state, local or foreign tax laws. You should be aware that new administrative, legislative, or judicial action could significantly change the tax aspects associated with an Interest. In particular, the TCJA has recently revised certain provisions of the federal income tax law that affect the tax consequences of real estate investments. Many of these provisions are complex and their scope and interpretations are presently uncertain.

Accordingly, there is uncertainty concerning certain tax aspects discussed herein, and there can be no assurance that the IRS may not challenge some of the deductions you may claim or positions you may take. Specifically, as of the date of this Memorandum, there has been limited guidance issued to address the uncertainties under the TCJA. Should the IRS challenge the tax treatment of an investment in an Interest, even if the challenge were unsuccessful, you could be faced with substantial legal and accounting costs in resisting the challenge.

You should not buy an Interest solely for the purpose of obtaining a tax shelter from taxable income from other sources. An Interest is unlikely to provide any such tax shelter.

Before buying an Interest, you must represent and warrant that you:

(1) have independently obtained advice from your legal counsel and/or accountant about any Section 1031 Exchange and applicable state laws, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange, and you are relying on such advice;

(2) understand that neither the Parent Trust nor the Operating Trusts have obtained a ruling from the IRS that an Interest will be treated as an undivided interest in real property as opposed to an interest in a partnership or corporation;

(3) understand that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Section 1031 and the related Section 1031 Exchange rules, are complex and vary with the facts and circumstances of each individual purchaser; and

(4) understand that the opinion of Special Tax Counsel is only Special Tax Counsel's view of the anticipated tax treatment, and there is no guarantee that the IRS will agree with such opinion.

Nature of Interests

Classification of Parent Trust

The Sponsor has attempted to structure the Offering so that Investors purchasing Interests will be treated for federal income tax purposes as acquiring interests in real estate and not interests in a partnership or corporation. If the Interests were to be treated by the IRS or a court as interests in a partnership or corporation, then no Investor would be able to use its acquisition of Interests as part of a transaction to defer gain under Section 1031.

The Parent Trust has obtained an opinion from Special Tax Counsel that: (1) the Parent Trust and the Operating Trusts should be treated as "investment trusts" described in Treasury Regulations Section 301.7701-4(c) that are classified as "trusts" under Treasury Regulations Section 301.7701-4(a); (2) the Investors, as the Beneficial Owners, should be treated as "grantors" of the Parent Trust and, indirectly, the Operating Trusts; (3) as "grantors," the Beneficial Owners should be treated as owning undivided fractional interests in the Properties for federal income tax purposes; (4) the Interests should not be treated as securities for purposes of Section 1031; (5) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Section 1031; (6) the Master

Leases should be treated as true leases and not financings for federal income tax purposes; (7) the Master Leases should be treated as true leases and not deemed partnerships for federal income tax purposes; (8) the discussions of the federal income tax consequences contained in this Memorandum are correct in all material respects; and (9) certain judicially created doctrines should not apply to change the foregoing conclusions. An Investor who is acquiring an Interest pursuant to a Section 1031 Exchange must be aware that in order to qualify under Section 1031 the Interest must be treated as an interest in real property.

Special Tax Counsel's opinion is based upon existing cases and rulings, and in particular the analysis in Revenue Ruling 2004-86, 2004-33 I.R.B. 191. Revenue Ruling 2004-86 sets forth the limited circumstances under which a state-law trust may be classified as an "investment trust" for federal income tax purposes rather than as a business entity taxable as a corporation or partnership. Revenue Ruling 2004-86 concludes that, because the beneficial owners of interests in an "investment trust" are "grantors" that are treated as directly owning an undivided fractional interest in the property held by the trust, the exchange of real property by such beneficial holders for an interest in the "investment trust" is treated as an exchange of real property for an interest in the "investment trust's" property rather than for a certificate of trust or beneficial interest for purposes of Section 1031.

Special Tax Counsel's opinion that the Beneficial Owners should be treated as grantors of the Parent Trust and the Operating Trusts means that a Beneficial Owner is required to take into account, in computing his, her or its income tax liability, his, her or its proportionate share of all items of income, gain, loss, deduction and credit attributable to the Parent Trust and the Operating Trusts. In addition, all property owned by the Parent Trust and the Operating Trusts will be deemed for federal income tax purposes to be owned by the grantors of the Parent Trust and the Operating Trusts in proportion to their ownership interests in the Parent Trust. Thus, a Beneficial Owner should be treated as a grantor of the Parent Trust and the Operating Trusts because the Beneficial Owner conveyed cash to the Parent Trust in exchange for an Interest. In addition, each Beneficial Owner will have a reversionary interest in the Parent Trust and the Operating Trusts corpus and will be automatically entitled to receive his, her or its proportionate share of the income of the Parent Trust and the Operating Trusts. Therefore, the Beneficial Owners should be treated, for federal income tax purposes, as if they own their respective shares of the Properties that are held by the Operating Trusts in which the Parent Trust is the sole beneficial owner, notwithstanding the fact that an Interest could be treated as intangible property or securities for securities law, state law, or local law purposes. The TCJA eliminated the specific exceptions under Section 1031 for securities and other intangible assets. Although the specific language providing for the exceptions has been eliminated, Special Tax Counsel believes that an analysis of these terms remains relevant and concluded that the Interests should not be treated as securities for purposes of Section 1031. However, due to the current lack of guidance regarding the scope of the TCJA's amendment to Section 1031, it is possible that the IRS could take a contrary position on these issues.

The Parent Trust and the Sponsor have not received and will not request a private letter ruling from the IRS regarding the federal income tax classification of the Parent Trust or the Operating Trusts. After examining the relevant cases and rulings, however, Special Tax Counsel has concluded that the Parent Trust and each of the Operating Trusts should be treated as an "investment trust" for federal income tax purposes because the powers and authority granted to the Trustees, Asset Managers, Beneficial Owners, and the Trusts in the Parent Trust Agreement and each of the Operating Trust Agreements do not exceed the powers and authority of the "investment trust" described in Revenue Ruling 2004-86. Special Tax Counsel has also concluded that the Beneficial Owners should be treated as grantors of the Parent Trust and the Operating Trusts. Special Tax Counsel further believes that these conclusions are consistent with the underlying cases and rulings that govern whether a state-law trust is classified for federal income tax purposes as an "investment trust" rather than as a business entity taxable as a corporation or partnership.

There is always a risk that the IRS may not agree with such opinion. The opinion of Special Tax Counsel is predicated on all the facts and conditions set forth in the opinion and is not a guarantee of the current status of the law and should not be accepted as a guarantee that a court of law or an administrative agency will concur in the opinion. If any of the facts or assumptions set forth in the opinion prove incorrect, it is possible that the tax consequences could change.

The Parent Trust and each of the Operating Trusts have been structured to be substantially similar to the trust described in Revenue Ruling 2004-86. There are several possible distinctions, however, including: (1) the ongoing role of the Asset Managers (but with powers limited to those permitted to be exercised by the Operating Trusts); (2) the potential termination of the Parent Trust and/or the Operating Trusts as a result of a Transfer

Distribution; (3) providing the Asset Managers with discretion to cause a sale of the applicable Property; and (4) parent-subsidiary trust structure used to own the Properties. Special Tax Counsel has concluded that all of these provisions are consistent with the analysis in Revenue Ruling 2004-86 and the underlying cases and rulings, but no ruling will be obtained from the IRS in this regard.

THE ABOVE IS A SUMMARY OF THE OPINION FROM SPECIAL TAX COUNSEL. PURCHASERS SHOULD REVIEW THE OPINION IN ITS ENTIRETY ATTACHED AS EXHIBIT C.

Section 1031 Non-Recognition Treatment

Potential Significant Tax Costs if Interests were Deemed to Be Interests in a Partnership, Securities or Certificates of Trust or Beneficial Interests

If the Investors were to be treated for tax purposes as purchasing interests in a partnership, securities or certificates of trust or beneficial interests, the Investors who are purchasing their Interests as part of a Section 1031 Exchange would not qualify for deferral of gain under Section 1031, and each Investor who had relied on deferral of his, her or its gain from disposition of other interests in real property would immediately recognize such gain and be subject to federal income tax thereon. Moreover, since such determination would, of necessity, come after such Investor had purchased his, her or its Interest, such Investor would have no cash from the disposition of his, her or its original interests in real estate with which to pay the tax. Given the illiquid and long-term nature of his, her or its investment in the Interests, there would be no practical means of generating cash from an investment in the Interests to pay the tax. In such a case, an Investor would have to use funds from other sources to satisfy his, her or its tax liabilities.

Identification

The Treasury Regulations under Section 1031 require that a taxpayer identify "Replacement Property" during the period (the "Identification Period") that begins on the date that the taxpayer transfers his "Relinquished Property" and ends at midnight on the 45th day thereafter (although if, as part of the same deferred exchange, the taxpayer transfers more than one Relinquished Property and the Relinquished Properties are *transferred* on different dates, then the Identification Period is determined by reference to the earliest date on which any of the properties are transferred). Also, any Replacement Property that is received by a taxpayer before the end of the Identification Period is in all events treated as identified before the end of the Identification Period. Taxpayers are permitted to identify three properties without regard to the fair market value of the properties (the so-called "three property rule") or multiple properties with a total fair market value not in excess of 200% of the value of the relinquished property (the "200% rule"). A taxpayer also may identify any number of properties if it acquires at least 95% of the identified properties (the "95% rule"). For purposes of both the 200% rule and 95% rule, "fair market value" means the fair market value of the applicable property without regard to any liabilities.

Other Requirements of Section 1031

Section 1031 provides for non-recognition of gain or loss only if real property held for use in a trade or business or for investment is exchanged for other real property of like kind held for use in a trade or business or for investment. There are numerous requirements contained in the applicable provisions of the Code and Treasury Regulations concerning qualification for non-recognition under Section 1031. For instance, prospective Investors seeking to engage in a "deferred" exchange (within the meaning of Treasury Regulations Section 1.1031(k)-1) must properly identify one or more potential replacement properties within the 45-day identification period and complete the exchange within the 180-day exchange period. Such prospective Investors also should consider whether their arrangement falls within the "qualified intermediary" and/or "qualified escrow account" safe harbors of Treasury Regulations Section 1.1031(k)-1(g). Prospective Investors wishing to engage in a "reverse" or "parking" exchange should consult Rev. Proc. 2000-37, 2002-2 C.B. 308, which establishes a safe harbor for such exchanges. Each prospective Investor will have to determine with such Investor's own tax advisors whether an exchange to be engaged in by the prospective Investor satisfies the requirements of Section 1031.

Receipt of Identified Property.

In addition to satisfying the identification rules, a taxpayer seeking to complete a Section 1031 Exchange must actually receive identified Replacement Property by no later than midnight on the earlier of the 180th day after

the date that the taxpayer transfers the Relinquished Property or the due date (including extensions) for the taxpayer's income tax return for the taxable year in which the transfer of the Relinquished Property occurs.

Treatment as an Interest in a Partnership or a Security

Section 1031 excludes an interest in a partnership or security from the categories of property that may qualify for non-recognition. Thus, if the IRS were to classify the Interests as securities for federal income tax purposes, the Interests would not qualify as replacement property for a Section 1031 Exchange. The term securities is not defined in Section 1031 or the Treasury Regulations promulgated thereunder.

Based on an analysis of relevant authorities, however, Special Tax Counsel has concluded that, in all material respects, an Interest should not be considered an interest in a partnership or security for purposes of Section 1031 even though an Interest may be a security under applicable federal or state securities laws.

Tax Rates

Under current law, and subject to certain exceptions, long-term capital gains of individuals are generally subject to tax at a maximum federal income tax rate of 20% (25% for any long-term capital gains that constitute "unrecaptured Section 1250 gain") and ordinary income of individuals is generally subject to a maximum federal income tax rate of 37% (reduced by the TCJA from 39.6%). In addition, the Code generally imposes on certain individuals, trusts, and estates an additional "Medicare Contributions Tax" of 3.8% on the lesser of (i) "net investment income," or (ii) the excess of modified adjusted gross income over a threshold amount. Prospective Investors should consult with their own tax advisors regarding the possible implications of the Medicare Contributions Tax in light of their individual circumstances.

20% Passthrough Deduction

The TCJA also provides a 20% deduction on a taxpayer's "qualified business income" which sunsets for the taxable year ending December 31, 2025. This deduction, under Section 199A, reduces the highest marginal effective tax rate for ordinary income from 37% to 29.6% for income arising from a "qualified trade or business" conducted by a partnership, S corporation, or sole proprietorship. In the case of a partnership or S corporation, Code Section 199A applies at both the entity and individual partner or shareholder level. For taxpayers above certain income thresholds, the "qualified trade or business," as defined in Code Section 162 must have sufficient amounts of W-2 wages paid or a combined sufficient amount of wages plus the unadjusted basis of certain property. On January 18, 2019, the IRS announced the release of final regulations providing guidance regarding many of the open issues and technical questions posed with respect to Section 199A following passage of the TCJA, including final rules relating to aggregation of certain real estate activities engaged in through multiple partnerships or S corporations, as well as enumerating certain factors relevant for determining real estate trade or business status. In the final regulations, the IRS elected not to apply the grouping rules of Section 469; however, the final regulations allow for aggregation of direct and indirectly held real estate businesses provided certain requirements set out in the final regulations are satisfied. Additionally, on January 18, 2019, the IRS announced the release of a related notice, Notice 2019-07, regarding a rental real estate trade or business safe harbor. In the notice, the IRS provided that certain taxpayers who meet the requirements of the notice will be allowed trade or business income treatment from certain "rental real estate enterprises." However, the rental real estate trade or business safe harbor is not available where the property used by the taxpayer is subject to a triple net lease. On September 24, 2019, the IRS issued Revenue Procedure 2019-38 and reaffirmed that real estate rented or leased under a triple net lease may not be included in a "rental real estate enterprise." Further, in Revenue Procedure 2019-38, the IRS defined a "triple net lease" as a "lease agreement that requires the tenant or lessee to pay taxes, fees, and insurance, and to pay for maintenance activities for a property in addition to rent and utilities." The definition of a triple net lease for the purpose of Revenue Procedure 2019-38 may overlap significantly with common lease provisions of master leases utilized in many DST structures, potentially including the Master Leases encumbering the Properties. Prospective Investors should consult with their own tax advisors regarding the possible application of Section 199A to their own particular circumstances.

Treatment of the Master Leases as True Leases Rather Than Financings or Deemed Partnerships

Transactions structured as leases may be recharacterized for federal income tax purposes to reflect their economic substance. For example, in appropriate circumstances a purported lease may be recharacterized as a

conditional sales contract. Recharacterization of the Master Leases as financings, deemed partnerships or other arrangements for federal income tax purposes would have significant tax consequences. For example, if the Master Leases were recharacterized as a financing, the Master Tenants would be treated as the owner of the corresponding Property for federal income tax purposes. As a result, an Investor attempting to participate in a Section 1031 Exchange would not be treated as having received qualified replacement property in relation to the underlying Properties when he, she or it acquired his, her or its Interest because the Investor would be treated as having made a loan to the Master Tenants. As the owner of the Properties for federal income tax purposes, the Master Tenants would be entitled to claim any depreciation deductions. To the extent that payments of "Rent" were recharacterized as payments of interest and principal, the payment of principal would not be treated as the receipt of taxable income by the Investors and would not be deductible by the Master Tenants. All of these consequences could have a significant impact on the tax consequences of an investment in the Properties.

Revenue Procedure 2001-28 sets forth advance ruling guidelines for "true lease" status. These ruling guidelines provide certain criteria that the IRS will require to be satisfied in order to issue a private letter ruling that a lease is a "true lease" for federal income tax purposes. The Sponsor has not sought, and does not expect to request, a ruling from the IRS under Revenue Procedure 2001-28. In the event of an examination by the IRS, the IRS and, ultimately, the courts of applicable jurisdiction, would consider these ruling guidelines, together with existing cases and rulings, for purposes of determining whether a lease qualifies as a true lease for federal income tax purposes. However, Special Tax Counsel does not believe that strict compliance with Revenue Procedure 2001-28 is required to conclude that the Master Leases should be characterized as a true lease for federal income tax purposes. Rather, Special Tax Counsel believes that satisfying most of the material ruling guidelines should be sufficient for purposes of determining the characterization of the Master Lease at issue for federal income tax purposes.

Further, if a Master Lease was recharacterized as a deemed partnership, such deemed partnership would be treated as the owner of the underlying Property for federal income tax purposes. As a result, Investors attempting to participate in Section 1031 Exchanges would not be treated as having received qualified replacement property when they acquired their Interests because the Investor would be treated as having purchased an equity interest in such deemed partnership. Because an investment in such equity interests would not constitute a qualifying investment for purposes of a Section 1031 Exchange, treatment of the Master Leases as deemed partnerships would have a significant impact on the tax consequences of an investment in the Properties. Case law provides that certain factors are indicative that a purported lease may in fact be a partnership for federal income tax purposes.

Special Tax Counsel believes the Master Leases at issue satisfies most of the pertinent material conditions set forth in Revenue Procedure 2001-28 and the relevant case law and that the Master Leases should be treated as a true lease rather than financings or deemed partnerships for federal income tax purposes. Although the Master Leases vary in some regards from the guidelines provided in Revenue Procedure 2001-28 and the case law,

Special Tax Counsel believes that this will not affect the status of the Master Leases.

Future Changes to the Section 1031 Exchange Rules Could Have Negative Implications. The U.S. Congress periodically evaluates various proposed modifications to the Section 1031 Exchange rules that could, if enacted, prospectively repeal or restrict the ability to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property or beneficial interests in a fixed investment trust. It is possible that repeal or amendment of Code Section 1031 or the Treasury Regulations promulgated thereunder could negatively impact the use of a Section 1031 Exchange in connection with an Investor's exit strategy.

In particular, the TCJA, which generally takes effect for taxable years beginning on or after January 1, 2018 (subject to certain exceptions), makes many significant changes to the U.S. federal income tax laws (including Section 1031). To date, the IRS has issued only limited guidance with respect to certain of the new provisions, and there are numerous interpretive issues that will require guidance. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future. An investment in an Interest involving solely real property was not impacted by the TCJA. Specifically, subject to certain transition rules, for transfers effective after December 31, 2017, Section 1031 Exchanges are only allowed with respect to real property that is not held primarily for sale. Generally, tangible personal property and intangible property are no longer eligible for

Section 1031 Exchanges. Thus, Investors will be able to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property, but not with respect to tangible or intangible personal property. However, no assurance can be given that the currently anticipated U.S. federal income tax treatment of an Interest will not be modified by future legislative, judicial or administrative changes possibly with retroactive effect. For example, future repeal or amendment of Section 1031 or the Treasury Regulations promulgated thereunder could negatively impact the use of a Section 1031 Exchange in connection with an Investor's exit strategy.

Other Tax Consequences

Taxation of the Parent Trust and the Operating Trusts

Special Tax Counsel has opined that the Parent Trust and each of the Operating Trusts should be classified as an "investment trust" treated as a "trust" for federal income tax purposes and, further, that the Beneficial Owners should be treated as "grantors" of the Parent Trust and, indirectly, the Operating Trusts. Accordingly, the Parent Trust and each of the Operating Trusts will not be subject to federal income tax, and each Investor will be subject to federal income taxation as if it owned directly the portion of the Properties allocable to the Interests owned by the Investor and as if it paid directly its share of expenses paid by the Parent Trust or the Operating Trusts.

The following discussion assumes that the Parent Trust and each of the Operating Trusts is, and the Interests represent interests in, an "investment trust" that is treated as a trust for federal income tax purposes.

Code Section 467 Rent Allocation.

Although the issue is not completely settled under existing law, under Section 467, if the Master Tenants were to defer payment of rent the Beneficial Owners may still be required to report and pay tax on rent in accordance with the Base Rent schedule set forth on the Master Leases. As a result, Beneficial Owners may be required to recognize rental income even though all of the rent may not be currently paid and, in such circumstances, may have to use funds from other sources to pay tax on such income. In addition, Beneficial Owners may have to recognize imputed interest income on such deferred amounts.

Depreciation and Cost Recovery

Current federal income tax law allows an owner of improved real property to take depreciation deductions based on the entire cost of the depreciable improvements, even though such improvements are financed in part with borrowed funds. If, however, the purchase price of an Interest, including the liabilities to which the Properties are subject, is in excess of its fair market value, an Investor will not be entitled to take depreciation deductions to the extent deductions are derived from such excess.

The Code provides separate cost recovery rules for certain "qualified improvement property." Qualified improvement property is any improvement to an interior portion of a building that is non-residential real property if the improvement is placed in service after the date the building itself was first placed in service. Prior to the TCJA, there were three categories of qualified improvement property (qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property) and each was subject to a 15-year recovery period. The TCJA eliminated these categories with the intention of establishing a single 15-year recovery period for all qualified improvement property. However, the Code as it was actually amended does not include this intended 15-year recovery period. As such, the Code as written subjects qualified improvement property to the 39-year recovery period that generally applies to real property. Due to the limitation on expenditures for improvements imposed upon the Trusts, the Signatory Trustees do not anticipate that the Trusts will make significant expenditures for "qualified improvement property."

Under the TCJA, up to $1,000,000 of certain improvements made to non-residential real property after the property is first placed in service may be expensed and currently deducted for tax purposes during the taxable years beginning after December 31, 2017 and ending before January 1, 2026 (subject to certain limitations). Due to the limitations on expenditures for improvements imposed on the Trusts, the Manager does not anticipate that the Trusts will incur a significant amount of any such expenses. The amount of depreciation an Investor will be entitled to claim with respect to the Properties will depend on the Investor's adjusted basis in depreciable assets that are part of the Properties. An Investor who acquires an Interest as part of a Section 1031 Exchange generally will have a

"carryover" basis equal to such Investor's basis in its relinquished property, decreased by the amount of money (if any) received in the Section 1031 Exchange and not reinvested in like-kind property in accordance with Section 1031, and increased by the amount of gain (e.g., taxable boot) and decreased by the amount of loss recognized by the Investor in such Section 1031 Exchange. In addition, the Investor's basis must be allocated among the depreciable and nondepreciable assets that are part of the Properties and special rules apply to the determination of the period and method that must be used to calculate depreciation with respect to property received in a Section 1031 Exchange. Each Investor will have to compute his, her or its own cost basis in the Properties for tax purposes, including any adjustment to basis as may be required if an Investor is buying an Interest in the Parent Trust in order to take advantage of the rules deferring the recognition of gain on real property under Section 1031, when computing depreciation allowed with respect to the Properties.

Allocation of Liabilities

Any liabilities incurred by the Parent Trust will be allocated, for federal income tax purposes, to the Beneficial Owners in proportion to their Interests. For purposes of determining the purchase price of replacement property in a Section 1031 Exchange, each Investor will be able to include its proportionate share of the liabilities that encumber the Properties at the time of the acquisition of an Interest.

Payments to the Sponsor and its Affiliates

The Sponsor and its affiliates will receive various fees described elsewhere in this Memorandum. The tax treatment of some of these fees is set forth below.

Although each Investor should be treated for federal income tax purposes as buying an undivided interest in the Properties, it is possible the IRS may take the view that the amount by which the price of an undivided interest exceeds the *pro rata* share of the price paid by the Operating Trusts for the Properties is not to be treated as a purchase of real estate, but instead as a nondeductible capitalized item.

Real estate brokerage commissions (whether or not paid to affiliates of the Sponsor) will be treated as capitalized expenditures and added to the basis of the Properties. Real estate brokerage commissions (whether or not paid to affiliates of the Sponsor) paid upon the sale, exchange or other disposition of the Properties will be treated as an adjustment to the sales price.

Possible Adverse Tax Treatment for Closing Costs and Reserves

A portion of the proceeds of the Offering will be used to pay each Investor's *pro rata* share of closing costs, expenses, and other costs of the Offering. In addition, reserves may be established using a portion of the proceeds of the Offering or Loans. In the event reserves are established from Offering proceeds, such portion of the Offering proceeds may be treated as having been used to purchase an interest in reserves established by the Sponsor rather than the real property. Because the tax treatment of certain expenses of the Offering, closing costs, financing costs or reserves is unclear and may vary depending upon the circumstances, no advice or opinion of Special Tax Counsel will be given regarding the tax treatment of such costs and reserves, which may be taxable to those Investors who purchase their Interests as part of a Section 1031 Exchange. Therefore, each prospective Investor should seek the advice of a qualified tax advisor as to the proper treatment of such items.

Receipt of Boot

In a Section 1031 Exchange, money received or deemed received in addition to the like-kind property is referred to as "boot." Gain realized on the relinquished property transaction is recognized up to the amount of "boot" received or deemed received. Generally, personal property, amounts used to establish reserves and impounds or other similar items, as well as seller credits, funded out of relinquished property proceeds may not be treated as an interest in real estate in connection with acquiring replacement property and may be treated as "boot." Prospective investors should be aware that the IRS may take the position that certain costs, escrows, reserves and impounds, as well as seller credits, paid in connection with the sale of relinquished property and purchase of replacement property may be deemed "boot" and be taxable income to the investor. However, the IRS has provided guidance in Revenue Ruling 72-456, 1972-2 CB 468 regarding transactional costs paid by the taxpayer with exchange proceeds. In such ruling the IRS indicated that transactional costs paid by the investor, such as brokerage commissions, can be deducted against transactional costs paid out in connection with the exchange. It is also possible that some of these

items considered "boot" and not treated as like-kind amounts may be offset by similar items from a taxpayer's relinquished property transaction, thereby reducing taxable gain recognition.

No opinion of Special Tax Counsel will be provided with respect to the amount of "boot" in the transaction and no representation or warranty of any kind is made with respect to the tax consequences of a Section 1031 Exchange. Any amounts that are not treated as a like-kind interest in real estate will also result in taxable income to an Investor to the extent of such Investor's gain. Loan fees, points, loan application fees, mortgage insurance, lender's title insurance, assurance, assumption fees, and other costs related to the acquisition of a loan for the replacement property, such as appraisals, are most likely not exchange expenses and do not reduce realized or recognized gain. These costs generally are treated as part of the costs of obtaining a loan as opposed to costs in obtaining the property. Thus, if these costs are paid with exchange funds, they have the effect of potentially causing taxable "boot" to the investor. Prospective Investors should consult with their tax advisors with respect to the treatment of any such payments.

Deductibility of the Parent Trust's Fees and Expenses

In computing his, her or its federal income tax liability, an Investor will be entitled to deduct, consistent with his, her or its method of accounting, the Investor's share of reasonable administrative fees, trustee fees and other fees, if any, paid or incurred by the Parent Trust as provided in Section 162 or 212, which may be subject to the limitations applicable to miscellaneous itemized deductions. The TCJA suspended all miscellaneous itemized deductions for taxable years between 2018 and 2025. As such, a Beneficial Owner will not be able to deduct his or her share of such fees paid by the Parent Trust during this period. However, if a Beneficial Owner owns its Interests in connection with a trade or business, Parent Trust fees and expenses may be deductible under Code Section 162. Prospective Investors should seek the advice of a qualified tax advisor as to the proper treatment of such items.

Transfer to the Springing LLC

If a Transfer Distribution occurs, the Properties (or the Parent Trust's interest in the Operating Trusts) will be transferred from the Parent Trust and/or the Operating Trusts to one or more Springing LLCs, and the interests in a Springing LLC resulting from the Parent Trust will be held by the Beneficial Owners. Under current law, such a transfer would not be subject to federal income tax pursuant to Section 721. The transfer could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that such transfer will not be taxable under the federal income or other tax laws existing at the time the transfer occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of the tax consequences to the Beneficial Owners in the event of a Transfer Distribution of the Parent Trust and/or the Operating Trusts. **PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF A TRANSFER DISTRIBUTION AND THE EFFECT OF THE PROPERTIES OR THE OPERATING TRUSTS BEING HELD BY A SPRINGING LLC RATHER THAN THE OPERATING TRUSTS OR THE PARENT TRUST, RESPECTIVELY.**

Deferral of Tax upon Sale of LLC Units

Unlike interests in the Parent Trust, interests in a Springing LLC (or interests in the Operating Trusts where the Operating Trusts have been converted to Springing LLCs) will not be treated as interests in real property for federal income tax purposes, including for purposes of the like-kind exchange provisions of Section 1031. **THUS, IF THE PROPERTIES OR THE PARENT TRUST'S INTERESTS IN THE OPERATING TRUSTS ARE TRANSFERRED TO A SPRINGING LLC IN A TRANSFER DISTRIBUTION, IT IS UNLIKELY THAT ANY OF THE BENEFICIAL OWNERS WHO RECEIVE INTERESTS IN SUCH SPRINGING LLC WILL THEREAFTER BE ABLE TO DEFER THE RECOGNITION OF GAIN UNDER SECTION 1031.**

Limitations on Losses and Credits from Passive Activities

Losses from passive trade or business activities generally may not be used to offset "portfolio income," i.e., interest, dividends and royalties, or salary or other active business income. Losses from passive activities may generally be used only to offset income from passive activities. Interest deductions attributable to passive activities are treated as a component of passive activity losses and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive

activities include: (1) trade or business activities in which the taxpayer does not materially participate; and (2) rental activities. Thus, an Investor's share of the Properties' income and loss will, in all likelihood, constitute income and loss from passive activities.

Losses (or credits that exceed the regular tax allocable to passive activities) from passive activities that exceed passive activity income are disallowed and can be carried forward and treated as deductions and credits from passive activities in subsequent taxable years. Disallowed losses from an activity, except for certain dispositions to related parties, are allowed in full when the taxpayer disposes of his, her or its entire interest in the activity in a taxable transaction.

In the case of rental real estate activities in which an individual actively participates, up to $25,000 of losses (and credits in a deduction-equivalent sense) from all such activities are allowed each year against portfolio income and salary and active business income of the taxpayer. Except as provided below with respect to "real estate professionals," Investors will not, in all likelihood, be actively participating in the Properties' rental real estate activities, and therefore will not be able to deduct any loss against their portfolio or active business income. Moreover, even if an Investor actively participates in rental real estate activities, there is a phase out of the $25,000 allowable loss equal to 50% of the amount by which an Investor's adjusted gross income exceeds $100,000. Therefore, if an Investor's adjusted gross income is $150,000 or more for any given year, he, she or it cannot use any of the $25,000 passive losses to offset non-passive income under this rule.

Certain taxpayers can, in limited circumstances, deduct losses and credits from rental real estate activities against other income, such as salaries, interest, dividends, etc. A taxpayer qualifies for this exception to the passive loss rules described above if: (1) more than half of the personal services performed by the taxpayer in trades or businesses during a year are performed in real property trades or businesses in which the taxpayer materially participates; (2) the taxpayer performs more than 750 hours of services during the year in real property trades or businesses in which the taxpayer materially participates; and (3) the taxpayer elects to treat all interest in rental real estate as a single activity. Code Section 469(c) provides that a qualifying real estate professional must establish material participation in each separate rental activity. However, an exception allows a qualifying real estate professional to elect to aggregate all interests in rental real estate for purposes of measuring material participation. In the case of a joint return, one spouse must satisfy both requirements. A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business. In determining whether a taxpayer performs more than half of his, her or its personal services in real property trades or businesses, services performed as an employee are disregarded unless the employee owns more than 5% of the employer. Investors should consult with their own tax advisors to determine if this rule applies to them.

Limitation on Excess Business Loss Deduction

Under the TCJA, excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such losses are carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. The threshold amount, which is indexed for inflation, was set at $250,000 (or twice the applicable threshold amount in the case of a joint return) for 2018. The provision applies after the application of the passive loss rules, and applies at the partner or shareholder level in the case of a partnership or S corporation.

Net Income and Loss of Each Investor

Each Investor will be required to determine his, her or its own net income or loss from the Properties, the Parent Trust and the Operating Trusts for income tax purposes. Each Investor will be required to pay his, her or its share of expenses of the Properties and the Parent Trust and the Operating Trusts, and will be entitled to his, her or its share of income therefrom. Certain expenses, such as depreciation, will be different for different Investors. The Asset Managers will keep records and provide information about expenses and income of the Properties, the Parent Trust and the Operating Trusts for each Investor. An Investor, however, will be required to keep separate records to separately report his, her or its income.

Any gain or loss recognized on the sale or exchange of an Interest will generally be treated as a gain or loss from the sale of a capital asset or an asset described in Section 1231 (a "**Section 1231 Asset**"), provided the seller is not deemed a "dealer" with respect to his, her or its Interest. As a general rule, the holding of parcels of real property for investment is not the type of activity that would cause a person or entity to be considered a "dealer" in such real property. The question of "dealer" status is a question of fact, will depend on all of the facts and circumstances, and will be determined at the time of a sale. If an Investor was deemed a "dealer" and the Properties were not considered capital assets or Section 1231 Assets, any gain or loss on the sale or other disposition would be treated as ordinary income or loss. In general, if an Interest is a capital asset, any gain or loss realized on its sale or exchange will be treated as capital gain or loss under the Code. Any such capital gain attributable to an asset held for more than 12 months will generally be taxed to individuals at the highest applicable long-term capital gain tax rate. If an Interest constitutes a Section 1231 Asset, any gain or loss on sale would be combined with any other Section 1231 gains or losses realized by the Investor in that year, and the resulting net Section 1231 gains or losses would be taxed as capital gains or constitute ordinary losses, as the case may be. This treatment may be altered depending on the disposition of Section 1231 property over several years. In general, net Section 1231 gains are recaptured as ordinary income to the extent of net Section 1231 losses in the five preceding taxable years.

In determining the amount realized on the sale or exchange of an Interest or the Properties, an Investor must include, among other things, the Investor's share of allocated indebtedness on the Properties. Therefore, it is possible that the gain realized upon the sale of an Interest may exceed the cash proceeds from the sale, and, in some cases, the income taxes payable with respect to the gain realized on the sale may exceed such cash proceeds.

In addition to other income tax imposed by the Code, the Medicare Contributions Tax may be applicable on the "net investment income" of certain U.S. individuals and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes rent and net gain from the disposition of investment property, less certain deductions.

Tax Impact of Sale of the Properties

If a Property is sold or otherwise disposed of in a taxable transaction, the Investors will likely recognize taxable income. An Investor will have taxable income to the extent that the amount realized by such Investor exceeds his, her or its tax basis in his, her or its Interests. In addition, as noted above in "Net Income and Loss of Each Investor," the Medicare Contributions Tax is likely to apply to any net gain realized on a taxable disposition of the Properties.

Taxable Income

It is expected that an Investor's Interests will generate annual taxable income in excess of the cash distributable to such Investor. Although such taxable income can be offset by depreciation deductions, the amounts of such depreciation deductions may be limited since the tax basis of such property received in a Section 1031 Exchange is generally the same as the tax basis of the property exchanged. Therefore, if an Investor has a low tax basis in the Relinquished Property exchanged in a proposed Section 1031 Exchange, such Investor will have a low tax basis in his, her or its Interests, and his, her, or its depreciation deductions will be less than a purchase not structured as a Section 1031 Exchange.

Treatment of Gifts of Interests

Generally, no gain or loss is recognized for federal income tax purposes as a result of a gift of property. However, if a gift (including a charitable contribution) of an Interest is made at a time when the Investor's share of the Properties' indebtedness exceeds the adjusted basis of the Investor in his, her or its Interest, the Investor will recognize gain for income tax purposes upon the transfer in the amount of the excess. Such gain, if any, will generally be treated as a capital gain or a gain from the sale of a Section 1231 Asset. Gifts of Interests may also be subject to a gift tax imposed under the rules generally applicable to all gifts of property.

Foreclosure

In the event of a foreclosure of a mortgage or deed of trust on the Properties, an Investor would recognize gain, if any, in an amount of equal to the Investor's share of the outstanding mortgage or deed of trust over his, her or its adjusted tax basis in the Properties, even though the Investor might realize an economic loss upon such a

foreclosure. In addition, the Investor would be required to pay income taxes with respect to such gain even though the Investor may receive no cash distributions as a result of such foreclosure.

Tax Elections

The Sponsor will attempt to structure the Interests so that they will be treated as interests in an investment trust and not as interests in a partnership. As a result, the Investors will be required to make any applicable tax elections. However, if the Investors were treated as partners in a partnership, applicable elections would have to be made by the partnership. No mechanism is provided for either the Parent Trust or the Operating Trusts to make any such elections.

Method of Accounting

An Investor will be required to report income under the Investor's applicable accounting method.

Alternative Minimum Tax

Taxpayers may be subject to the alternative minimum tax in lieu of the regular income tax. In general, the alternative minimum tax base equals taxable income increased by designated tax preferences. Each Investor should consult with his, her or its tax advisor concerning the impact on him, her or it, if any, of the alternative minimum tax.

Activities Not Engaged in for Profit

Under Section 183, certain losses from activities not engaged in for profit are not allowed as deductions from other income. The determination of whether an activity is engaged in for profit is based on all the facts and circumstances, and no one factor is determinative, although the Treasury Regulations indicate that an expectation of profit from the disposition of property will qualify as a profit motive. Section 183 has a presumption that an activity is engaged in for profit if income exceeds deductions in at least three out of five consecutive years. Although it is reasonable for an Investor to conclude that the Investor can realize a profit from an investment in an Interest as a result of cash flow and appreciation of the Properties, there can be no assurance that an Investor will be found to be engaged in an activity for profit because the applicable test is based on the facts and circumstances existing from time to time.

Limitation on Losses under the At-Risk Rules

An Investor that is an individual or closely held corporation will be unable to deduct losses from the Properties, if any, to the extent such losses exceed the amount such Investor is "at risk" with respect to the activity. An Investor's initial amount at risk will generally equal the sum of: (1) the amount of cash paid for the Interest; (2) the amount, if any, of recourse financing obtained by the Investor to acquire its Interest; and (3) the amount of any qualified non-recourse indebtedness encumbering the Properties. An Investor who acquires his, her or its Interest as part of a Section 1031 Exchange will be "at risk" for his, her or its adjusted basis for the Interest, not the amount of cash paid therefor. An Investor's amount at risk will be reduced by the amount of any cash flow received by such Investor and the amount of the Investor's losses, and will be increased by the amount of the Investor's income from the activity. Losses not allowed under the "at risk" provisions may be carried forward to subsequent taxable years and used when the amount at risk increases. Because it is uncertain whether the Loans encumbering the Properties will constitute qualified non-recourse indebtedness, Special Tax Counsel will not issue an opinion concerning the application of the "at risk" rules to owners of Interests.

General Limitations on the Deductibility of Interest

In addition to the limitations on the deductibility of interest incurred in connection with passive activities, and the "at risk" rules, the following are additional restrictions on the deduction of interest:

Capitalized Interest

Interest on debt incurred to finance construction of real property is not currently deductible and must be capitalized as part of the cost of the real property.

Interest Incurred to Carry Tax-Exempt Securities

Section 265(a)(2) disallows any deductions for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of buying or carrying tax-exempt obligations. The application of Section 265(a)(2) turns on each Investor's purpose for acquiring an Interest. Thus, Section 265(a)(2) might be applied to an Investor whose purpose for investing in an Interest rather than in a non-leveraged investment is to enable such Investor to continue to carry tax-exempt obligations. It should be noted that Section 7701(f) directs the IRS to prescribe regulations as may be necessary or appropriate to prevent the avoidance of provisions of the Code that deal with the linking of borrowings to investments through the use of related persons, pass-through entities or other intermediaries. Therefore, the provisions of Section 265(a)(2) may be applied to an Investor if the Investor does not himself or herself own tax-exempt obligations or stock of a regulated investment company that distributes exempt interest dividends but rather such obligations or stock are owned by a person, entity or other intermediary related to the Investor.

Prepaid Interest.

Interest prepayments (including "points") must be capitalized and amortized over the life of the loan with respect to which they are paid.

Limit on Business Interest Deductions

Under the TCJA, Section 163(j) limits annual deductions for "business interest" expense to the sum of business interest income plus 30% of "adjusted taxable income" (plus certain motor vehicle floor plan financing interest of the taxpayer). Business interest in excess of the allowed current deduction may be carried forward indefinitely. The adjusted taxable income of a taxpayer means taxable income computed without regard to any item not properly allocable to a trade or business, any business interest income or expense, any net operating loss deduction, for taxable years beginning prior to 2022 any depreciation amortization or depletion deduction, and certain other items.

Certain small businesses (in general, where the average annual gross receipts of the taxpayer for the three-year period ending with the prior taxable year do not exceed $25 million) are exempt from the foregoing rule. In the case of a partnership, the rule is applied at the partnership level.

Business interest means any interest paid or accrued on indebtedness properly allocable to a trade or business, provided that investment interest (within the meaning of Section 163(d)) does not constitute business interest. For this purpose, a trade or business does not include the trade or business of performing services as an employee or any electing real property trade or business (or any electing farming business or certain regulated utility businesses). A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business.

To take advantage of this exception, a taxpayer must make an irrevocable election to be excluded from Section 163(j) and forego or limit certain other tax benefits. An electing real property trade or business is required to use the ADS for any nonresidential real property (which would then be depreciable by the straight line method over 40 years) or residential rental property (which would then be depreciable by the straight line method over 30 years), or for certain improvements to an interior portion of a building which is nonresidential real property (which would then be depreciable by the straight line method over 20 years). Each prospective Investor should consult with his, her, or its tax advisor concerning the possible application of Section 163(j) to his, her, or its particular circumstances.

On November 26, 2018, Treasury and the IRS released an extensive set of proposed regulations under Code Section 163(j) which provide some guidance on certain open issues under Code Section 163(j) as revised by the TCJA. For example, the definition of "interest" has been expanded to include income and deductions from many items that have time-value components not treated as interest with respect to domestic taxpayers in the past (such as swaps). Further, adjusted taxable income is determined at the partnership level and to the extent the partnership has excess taxable income, the excess taxable income is allocated to the partners and used in determining each partner's adjusted taxable income. Finally, proposed regulations include proposed amendments to provide rules relating to the definition of a "real property trade or business" under Code Section 469(c)(7)(C) that is eligible to make the election discussed above. The proposed regulations define terms such as "real property," "real property operation," and "real

property management," but reserve on the other categories of businesses that qualify as real property trades or businesses under Code Section 469(c)(7)(C). The preamble to the proposed regulations indicates that the categories of real property trades or businesses under Code Section 469(c)(7)(C) may be defined to not include trades or businesses that generally do not play a significant role in the creation, acquisition, or management of rental real estate.

Taxpayers are not bound by the proposed regulations under Code Section 163(j), but taxpayers and related parties (determined under Code Sections 267(b) and 707(b)(1)) generally have the discretion to apply these proposed regulations retroactively to a taxable year beginning after December 31, 2017, but must apply such rules on a consistent basis. The retroactive application would be binding on the taxpayer and all its related parties. Taxpayers cannot "pick and choose" which provisions of the proposed regulations they want to apply retroactively because the proposed regulations require that to make an election, the taxpayer must consistently apply all of the Treasury Regulations under Code Section 163(j). Each prospective investor should consult with his, her, or its tax advisor concerning the whether the retroactive application of the proposed regulations would be advantageous to his, her, or its particular circumstances. Further, each prospective investor should be aware that the proposed regulations under Code Section 163(j) are subject to comment and change until finalized.

Codification of Economic Substance Doctrine (Code Section 7701(o)).

In 2010, Congress codified the existing "economic substance doctrine" creating a new penalty equal to 20% of the portion of any underpayment attributable to the fact that a transaction lacks economic substance. The penalty increases to 40% if the transaction is not adequately disclosed and is imposed on a strict liability basis (i.e., the taxpayer may not avoid the penalty by demonstrating that their position was supported by substantial authority or that the taxpayer reasonably relied on advice from a tax advisor). The economic substance doctrine applies only if it is relevant to a transaction and determination of whether the economic substance doctrine is relevant to a transaction shall be made in the same manner as if the doctrine had never been codified. In the case of any transaction to which the economic substance doctrine is relevant, the transaction is treated as having economic substance if (1) the transaction changes in a meaningful way (apart from federal income tax effects) the taxpayer's economic position, and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into such transaction. In rendering its opinion, Special Tax Counsel has concluded that the economic substance doctrine should not apply and should not alter the tax consequences described in the opinion. There can be no assurance, however, that the IRS would agree.

Tax Liability in Excess of Cash Distributions.

It is possible that an Investor's tax liability resulting from its Interest will exceed its share of cash distributions from the Parent Trust. This may occur, for example, because cash flow from the Properties may be used to fund nondeductible operating or capital expenses of the Properties or reserves. In addition, as discussed above, in the event one or more Master Tenants defers payments of rent, Investors may be required to recognize rental income in a year prior to the year in which such rental income is actually paid. See "Section 467 Rent Allocation" above. Thus, there may be years in which an Investor's tax liability exceeds its share of cash distributions from the Parent Trust, in which case an Investor could have to use funds from other sources to satisfy its tax liability. The same tax consequences may result from a sale or transfer of an Interest, whether voluntary or involuntary, that gives rise to ordinary income or capital gain.

Accuracy-Related Penalties and Penalties for the Failure to Disclose

The American Jobs Creation Act of 2004 consolidated all penalties relating to the accuracy of tax returns into a single accuracy-related penalty equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any underpayment that is attributable to: (1) negligence or disregard of rules or regulations; (2) any substantial understatement of income tax; or (3) any substantial valuation misstatement. The penalty is increased to 40% in the case of an underpayment which is attributable to one or more "nondisclosed noneconomic substance" transactions or a misstatement in the value of any property (or its adjusted basis) of 200% or more (a "**Gross Valuation Misstatement**"). In addition to these provisions, the American Jobs Creation Act of 2004 imposes a 20% accuracy-related penalty for: (1) listed; or (2) reportable transactions having a significant tax avoidance purpose. This penalty is increased to 30% if the transaction is not properly disclosed on the taxpayer's

federal income tax return. Failure to disclose such a transaction can also prevent the applicable statute of limitations from tolling in certain circumstances and can subject the taxpayer to additional disclosure penalties ranging from $10,000 to $200,000, depending on the facts of the transaction. Similarly, any interest attributable to unpaid taxes associated with a non-disclosed reportable transaction may not be deductible for federal income tax purposes.

Negligence is generally any failure to make a reasonable attempt to comply with the provisions of the Code and the term "disregard" includes careless, reckless, or intentional disregard.

A substantial understatement of income tax generally occurs if the amount of the understatement for the taxable year exceeds the greater of: (1) 10% of the tax required to be shown on the return for the taxable year; or (2) $5,000. For a C corporation, a substantial understatement generally occurs if the amount of the understatement exceeds the lesser of: (1) 10% of the tax required to be shown on the return for that tax year (or $10,000, if that is greater); or (2) $10,000,000. Under the TCJA, the 10% threshold is reduced to 5% for taxpayers claiming the deduction for "qualified business income" under Section 199A.

A substantial valuation misstatement occurs if the value of any property (or the adjusted basis) is 150% or more of the amount determined to be the correct valuation or adjusted basis. The penalty doubles if the property's valuation is misstated by 200% or more. No penalty will be imposed unless the underpayment attributable to the substantial valuation misstatement exceeds $5,000 ($10,000 in the case of a C corporation).

The term "reportable transaction" means any transaction with respect to which information is required to be included with a return or statement because, as determined under regulations prescribed under Section 6011, such transaction is of a type which the IRS determines as having a potential for tax avoidance or evasion.

The term "listed transaction" means a reportable transaction which is the same as, or substantially similar to, a transaction specifically identified by the IRS as a tax avoidance transaction for purposes of Section 6011.

Except with respect to "tax shelters," an accuracy-related penalty will not be imposed on an underpayment attributable to negligence, a substantial understatement of income tax, or a substantial valuation misstatement if it is shown that there was a reasonable cause for the underpayment and the taxpayer acted in good faith. A "tax shelter" includes a partnership if a significant purpose of the partnership is the avoidance or evasion of tax. In addition, an accuracy-related penalty will not be imposed on a reportable transaction or a listed transaction if it is shown that: (1) there is reasonable cause for the position, (2) the taxpayer acted in good faith, (3) the relevant facts of the transaction are adequately disclosed in accordance with the regulations prescribed under Section 6011, (4) there is or was substantial authority for such treatment, and (5) the taxpayer reasonably believed that such treatment was more likely than not correct. The reasonable cause exception does not apply to any portion of an underpayment that is attributable to one or more transactions that lack "economic substance." Economic substance is deemed to exist where a transaction changes in a meaningful way (apart from federal income tax effects) a taxpayer's economic position and the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into such transaction.

Reportable Transaction Disclosure and List Maintenance

The Jobs Act of 2004 limits a taxpayer's ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter. In addition, it requires taxpayers and material advisors to comply with disclosure and list maintenance requirements for reportable transactions. The Sponsor and Special Tax Counsel have concluded that the sale of an Interest should not constitute a reportable transaction.

Accordingly, the Sponsor and Special Tax Counsel do not intend to make any filings pursuant to these disclosure or list maintenance requirements. There can be no assurances that the IRS will agree with this determination by the Sponsor and Special Tax Counsel. Significant penalties could apply if a party fails to comply with these rules, and such rules are ultimately determined to be applicable.

State and Local Taxes

In addition to the federal income tax consequences described above, each prospective Investor should consider the state and local tax consequences of an investment in an Interest, including, without limitation, any local income, excise or franchise taxes. An Investor's share of income or loss generally will be required to be included in

determining its reportable income for state and local tax purposes. Under the TCJA, individual or married filers cannot deduct more than $10,000 of combined state and local income and property taxes annually for taxable years beginning after December 31, 2017 and ending before January 1, 2026. Taxes attributable to income earned from the Interests should count towards the $10,000 limitation. A prospective Investor must seek the advice of his, her, or its own independent tax advisor as to state and local tax issues.

****

Prospective Investors should note that a number of issues discussed in this Memorandum have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Each prospective Investor must consult his, her, or its own tax counsel about the tax consequences of an investment in an Interest.

The opinion is solely for your information and assistance with respect to the sale of Interests. Each prospective Investor is encouraged to consult with his, her, or its tax advisor in determining whether to purchase an Interest. Other than as set forth herein, this opinion of Special Tax Counsel may not be relied upon, circulated, quoted or otherwise referred to by any other person or for any other purpose, including in connection with any other transaction or arrangement, nor may copies be delivered to any other person without our prior written consent.

The opinion of Special Tax Counsel was written to support the promotion or marketing of the Offering, and each Investor should seek advice based on the Investor's particular circumstances from an independent tax advisor. The opinion does not address any tax consequences of the acquisition of an Interest other than those specifically addressed and is not applicable as to any individual tax consequences of a Beneficial Owner of an Interest or the individual application of the Section 1031 rules to such purchaser or Investor. Each prospective Investor of an Interest must consult with his, her, or its own tax advisor in determining whether to purchase an Interest. Special Tax Counsel's willingness to render the opinions set forth neither implies, nor should be viewed as implying, any approval or recommendation of an investment in the Properties.

THE OFFERING

Who May Invest

The offer and sale of the Interests is being made in reliance on an exemption from the registration requirements of the Securities Act, and the Interests have not been, and will not be, registered under the Securities Act. Accordingly, distribution of this Memorandum has been strictly limited to persons who meet the requirements and make the representations set forth in the Investor Questionnaire & Purchase Agreement, the form of which is attached hereto as Exhibit A. The Parent Trust reserves the right, in its sole discretion, to declare any person ineligible to purchase the Interests and to reject any offer to purchase the Interests. In addition, the Parent Trust reserves the right to cancel any sale at any time prior to the receipt of funds for purchase, if that sale, in the opinion of the Parent Trust and its counsel, may violate any federal, state or foreign securities laws or regulations or is otherwise objectionable for any reason. The Interests may not be transferred or resold except as permitted under the Parent Trust Agreement, the Securities Act and any applicable state or other securities laws, pursuant to registration or an exemption therefrom. Prospective Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

Investor Suitability Requirements

Investment in the Interests involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity and who can afford to lose their entire investment. This investment will be sold only to persons who subscribe for at least a $100,000 investment if completing a Section 1031 Exchange or $25,000 for a cash investment without a Section 1031 Exchange subject to the indebtedness in the Properties and who meet the requirements set forth below. The Parent Trust may permit persons to make a smaller investment.

The Parent Trust will only accept a subscription from an "accredited investor," as defined in Regulation D under the Securities Act. The Parent Trust will not accept subscriptions from, or made on behalf of, tax-exempt entities, including but not limited to qualified employee pension and profit sharing trusts, individual retirement accounts, SIMPLE 401(k) plans, annuities and charitable remainder trusts. In addition to certain institutional investors, a person who meets one of the following tests will qualify as an accredited investor:

- Natural person that has an individual net worth, or joint net worth with his or her spouse, of more than $1,000,000, provided that for purposes of calculating such net worth: (1) the investor's primary residence will not be included as an asset; (2) indebtedness that is secured by the investor's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the investor's acquisition of an Interest, will not be included as a liability, *provided, however*, that if the amount of such indebtedness outstanding at the time of the closing of the investor's acquisition of an Interest exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the investor takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness will be included as a liability; and (3) indebtedness that is secured by the investor's primary residence in excess of the estimated fair market value of the primary residence will be included as a liability;
- Natural person that has an individual income in excess of $200,000, or joint income with his or her spouse in excess of $300,000, in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year; or
- If not a natural person, one of the following:
    - Corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring Interests, with total assets in excess of $5,000,000;
    - Trust, with total assets over $5,000,000, not formed for the specific purpose of acquiring Interests and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of an investment in Interests;

- Broker-dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended;
- Investment company registered under the Investment Company Act or a "business development company" (as defined in Section 2(a)(48) of the Investment Company Act);
- Small business investment company licensed by the Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended;
- "Private business development company" (as defined in Section 202(a)(22) of the Advisers Act;
- Bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity, or any insurance company as defined in Section 2(13) of the Securities Act;
- One of the Parent Trust's or IPC's executive officers; or
- Entity in which all of the equity owners are accredited investors as defined in *Investor Suitability Requirements* above.

In addition, each Investor and each subsequent transferee must represent that the Interests are not being purchased by or on behalf of any (i) tax-exempt entity, including but not limited to any qualified employee pension or profit sharing trust, any individual retirement account, SIMPLE 401(k) plan, annuity or charitable remainder trust or (ii) a foreign person.

In addition, each Investor must represent in writing that:

The Investor understands that the tax consequences of an investment in the Interests, especially the qualification of the transaction under Section 1031 and the related rules, are complex and vary with the facts and circumstances particular to the Investor. Therefore, the Investor represents and warrants that he, she, or it (1) has consulted with his, her, or its own independent tax advisor regarding the investment in the Interests and the qualification of the transaction under Section 1031; (2) except to the extent of the tax opinion rendered by Special Tax Counsel, is not relying on the Parent Trust, any of its affiliates or agents, including its counsel and accountants, for any tax advice regarding the qualification of the transaction under Section 1031 or any other matter; and (3) is not relying on any statements made in this Memorandum regarding the qualification of his, her, or its purchase of the Interests under Section 1031.

How to Purchase the Interests

Important Note to Prospective Investors: Investors may not acquire an Interest in the Parent Trust until: (1)) the Marley Park Trust acquires the Marley Park Property and obtains the Marley Park Loan; (2) the Space Coast Trust acquires the Space Coast Property and obtains the KeyBank Loan; (3) each of the Marley Park Trust and the Space Coast Trust enters into a Master Lease with its respective Master Tenant; and (4) each of the Marley Park Trust and the Space Coast Trust enters into an Asset Management Agreement with its respective Asset Manager; and (5) each of the Marley Park Master Tenant and the Space Coast Master Tenant enters into a Property Management Agreement with the Property Manager. The Sponsor will issue a Closing Supplement to this Memorandum on the Closing Date. If the Parent Trust receives your Investor Questionnaire & Purchase Agreement prior to the Closing Date, it will hold such Investor Questionnaire & Purchase Agreement but will not accept payment for Interests until the Closing Date. See "*The Offering – How to Purchase the Interests*" for a more detailed discussion of the steps required to purchase Interests.

A prospective Investor who would like to purchase the Interests must carefully read this Memorandum. To purchase the Interests, a prospective Investor must:

1. Complete and sign an Investor Questionnaire & Purchase Agreement, and, **on the last page, sign the acknowledgment of the representations and warranties contained therein**. Deliver the Investor Questionnaire & Purchase Agreement to your investment representative.

2. Your investment representative will forward the documents to his or her broker/dealer. The broker/dealer will then forward the documents to **Inland Private Capital Corporation, 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investments**, or via e-mail to investments@inlandprivatecapital.com.

3. Follow the instructions below:

a) **Prior to the Closing Date**: The Parent Trust will not accept payment for Interests until the Closing Date. On and after the Closing Date, the Parent Trust will take the following steps:

i. If your investment is part of a Section 1031 Exchange. The Parent Trust will advise your qualified intermediary (the holder of the exchange proceeds from your Relinquished Property) that the Closing Events have occurred. The Parent Trust and the qualified intermediary will then coordinate the payment for the purchase of the Interests. Upon receiving the Investor Questionnaire & Purchase Agreement, and the necessary escrow instructions from the Parent Trust, the qualified intermediary will either wire the funds from the qualified escrow account to the Parent Trust or deliver to IPC, in person or by mail, a certified check **made payable to Sun Belt Multifamily Portfolio III DST**.

ii. If your investment is a direct investment. The Parent Trust will advise your financial advisor that the Closing Events have occurred. Your financial advisor will coordinate with you regarding the payment for the purchase of Interests. Payment for the purchase of Interests may be made by either wiring the funds directly to the Parent Trust (the preferred method) or by delivering to IPC, in person or by mail, a check **made payable to Sun Belt Multifamily Portfolio III DST**. If you choose to wire the funds directly, please contact IPC Investor Services at Inland Private Capital Corporation (888-671-1031) for the necessary escrow instructions.

b) **After the Closing Date**:

i. If your investment is part of a Section 1031 Exchange – The Parent Trust and the qualified intermediary (the holder of the exchange proceeds from your Relinquished Property) will coordinate the payment for the purchase of the Interests. Upon receiving the Investor Questionnaire & Purchase Agreement, and the necessary escrow instructions from the Parent Trust, the qualified intermediary will either wire the funds from the qualified escrow account to the Parent Trust or deliver to IPC, in person or by mail, a certified check **made payable to Sun Belt Multifamily Portfolio III DST**.

ii. If your investment is a direct investment – Payment for the purchase of Interests may be made by either wiring the funds directly to the Parent Trust (the preferred method), or by delivering to IPC, in person or by mail, a check **made payable to Sun Belt Multifamily Portfolio III DST**. If you choose to wire the funds directly, please contact IPC Investor Services at Inland Private Capital Corporation (888-671-1031) for the necessary escrow instructions.

Closing of the purchase will take place at 2901 Butterfield Road, Oak Brook, Illinois 60523 and the executed documents will be forwarded to the Investor.

SUMMARY OF THE INVESTOR QUESTIONNAIRE & PURCHASE AGREEMENT

General

Each Investor will be required to execute an Investor Questionnaire & Purchase Agreement in the form attached hereto as Exhibit A. Prospective Investors should review the entire Investor Questionnaire & Purchase Agreement with their own independent legal counsel before submitting an offer to purchase an Interest. The execution of the Investor Questionnaire & Purchase Agreement and tender of the requisite amount of money will constitute an irrevocable offer to purchase the Interest, except as set forth under "*Termination of the Investor Questionnaire & Purchase Agreement.*"

The Parent Trust reserves the right to reject any offer, in which case the Parent Trust will promptly return the tendered funds to the escrow held by the qualified intermediary in the case of a Section 1031 Exchange or to a prospective Investor if it is a cash investment. The following is merely a summary of some of the significant provisions of the Investor Questionnaire & Purchase Agreement and is qualified in its entirety by reference thereto.

Each prospective Investor will be required to acknowledge and represent in the Investor Questionnaire & Purchase Agreement that he, she or it is acquiring the Interest for investment purposes and not with a view for resale or distribution. Further, each prospective Investor must acknowledge and represent that he, she or it is aware of the risks inherent in an investment such as the Interest, including, without limitation, the risks set forth in this Memorandum. **Pursuant to the terms of the Investor Questionnaire & Purchase Agreement, the Parent Trust will not accept payment for Interests until the Closing Date, which is the date on which: (1)) the Marley Park Trust acquires the Marley Park Property and obtains the Marley Park Loan; (2) the Space Coast Trust acquires the Space Coast Property and obtains the KeyBank Loan; (3) each of the Marley Park Trust and the Space Coast Trust enters into a Master Lease with its respective Master Tenant; and (4) each of the Marley Park Trust and the Space Coast Trust enters into an Asset Management Agreement with its respective Asset Manager; and (5) each of the Marley Park Master Tenant and the Space Coast Master Tenant enters into a Property Management Agreement with the Property Manager.**

Submission of Offer to Purchase

A summary of the procedures for the offer and purchase of an Interest is set forth in the section captioned "*The Offering – How to Purchase the Interests*" of this Memorandum. Investors should read that section in its entirety.

Closing

At the closing of a purchase, the Investor will receive an Interest in the Parent Trust. The Investor will deliver at closing to the Parent Trust: (1) the Investor Questionnaire & Purchase Agreement; (2) an executed signature page for the Parent Trust Agreement; and (3) any other documents as may reasonably be requested by the Parent Trust. The initial closings of purchases will take place at such time that the Parent Trust is contractually able to begin accepting investments in the Interests under the terms of the Investor Questionnaire & Purchase Agreement. As discussed in this Memorandum, the Parent Trust will begin to accept investments in the Interests and begin to close purchases only after the Closing Events have occurred.

No Tax Advice

Other than the tax opinion issued by the Parent Trust's Special Tax Counsel and attached hereto as Exhibit C, the Investors will acquire their Interests without any representations from the Parent Trust regarding the tax implications of the transaction. Each Investor should consult his, her or its own independent attorneys and other tax advisors regarding the tax implications of the Investor's acquisition of the Interests, including whether such acquisition will qualify as part of a proposed Section 1031 Exchange, if one is contemplated. See "*Federal Income Tax Consequences*."

Termination of the Investor Questionnaire & Purchase Agreement

In general, a purchase of Interests is irrevocable and may not be canceled, terminated or revoked. However, because the Parent Trust will not accept payment for Interests until the Closing Date, the Parent Trust will

allow Investors to withdraw Investor Questionnaire & Purchase Agreements submitted prior to the Closing Date. Specifically, an Investor may revoke his, her, or its offer to purchase Interests prior to the end of the fifth business day after the Parent Trust issues the Closing Supplement by providing written notice of revocation prior to such deadline. If a prospective Investor notifies the Parent Trust of his, her, or its desire to revoke the offer to purchase in a timely manner, the Parent Trust will promptly return the Investor Questionnaire & Purchase Agreement to the prospective Investor. The right to withdraw the Investor Questionnaire & Purchase Agreement terminates as of the Revocation Deadline.

If an offer to purchase is rejected in whole or in part, or if the Parent Trust terminates the Offering for any reason, the Parent Trust will promptly return the applicable portion of the purchase price, and the prospective Investor will have no right to acquire an Interest in the Parent Trust and will have no claims against the Parent Trust for damages, expenses, lost profits or otherwise.

Indemnity

The Investor Questionnaire & Purchase Agreement contains an indemnity provision whereby each Investor will be required to indemnify, defend and hold harmless the Parent Trust, the Signatory Trustee and certain other parties from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs) that they may incur by reason of the Investor's failure to fulfill all of the terms and conditions of the Investor Questionnaire & Purchase Agreement or untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained therein.

PLAN OF DISTRIBUTION

The Offering is for $80,895,627, which comprises 100% of the Interests in the Parent Trust. If any Interests in the Parent Trust cannot be sold, the Parent Depositor or its affiliate will own the remaining Interests. For purposes of this Memorandum, various fees have been calculated based on the Maximum Offering Amount.

All proceeds from a potential Investor will be promptly returned if the offer to purchase is not accepted by the Parent Trust. The Parent Trust reserves the right to refuse to sell the Interests to any person, in its sole discretion, and may terminate the Offering at any time.

The offer and sale of the Interests are made in reliance upon exemptions from the Securities Act and state securities laws. Accordingly, distribution of this Memorandum has been strictly limited to persons satisfying the suitability requirements described in the section entitled "*The Offering – Who May Invest*" herein. This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy with respect to any person not satisfying those qualifications.

Fees

The Parent Trust will pay ISC Selling Commissions of up to 6.0% of the gross cash proceeds of the Offering, and ISC will reallow (pay) the full amount of the Selling Commissions to broker/dealers who are members of FINRA. The Parent Trust will pay ISC a Dealer Fee, in an amount equal to up to 1.25% of the gross cash proceeds of the Offering, for coordinating the marketing of the Interests with any participating broker/dealers as well as for non-itemized, non-invoiced due diligence efforts. ISC will reallow (pay) the full amount of the Dealer Fee to broker/dealers who are members of FINRA. In addition, the Parent Trust will pay ISC a Placement Agent Fee, equal to 1.65% of the gross cash proceeds of the Offering, and will reimburse the Sponsor, its affiliates and certain third parties for O&O expenses in an amount equal to 0.65% of the gross cash offering proceeds of the Offering. The Selling Commissions, the Dealer Fee, the Placement Agent Fee, the O&O Expenses, as well as other costs of the Offering, will be paid by the Parent Trust out of the gross Offering proceeds. Because of the nature of a Section 1031 Exchange and applicable IRS requirements, it is difficult, if not impossible, to charge Investors for any shortfall in costs and expenses related to the Offering. If the actual costs and expenses exceed the estimates, IPC will pay those costs. Conversely, if the estimates exceed the actual costs and expenses, IPC will retain the difference as additional compensation.

Fee Waivers, Special Sales

Each Investor may agree with his, her or its respective investment representatives or broker/dealer to reduce or eliminate any Selling Commissions or Dealer Fee payable with respect to his, her, or its purchase of the Interests. In this case, the Parent Trust will not pay any Selling Commissions and/or Dealer Fees to ISC in respect of the Interests for which the broker/dealer or investment representative has agreed to waive the fees, which will have the effect of increasing the amount of Interests purchased by the particular Investor. The proceeds to the Parent Trust will not be affected by any waiver of Selling Commissions and/or Dealer Fees.

In addition, on a case-by-case basis, the Placement Agent and/or Sponsor may, in its sole discretion, decide to reduce or waive certain fees or reimbursements to which they are entitled in connection with a particular sale of Interests. Specifically, the Placement Agent may decide, in its sole discretion, to reduce or waive the Placement Agent Fee payable with respect to a particular purchase of the Interests, and the Sponsor may decide, in its sole discretion, to reduce or waive the O&O Expenses reimbursable with respect to a particular purchase of the Interests and/or to reduce or waive the acquisition fee payable with respect to a particular purchase of the Interests. Any such waiver or reduction will have the effect of increasing the amount of Interests purchased by the particular Investor. The proceeds to the Parent Trust will not be affected by any waiver of these fees or reimbursements.

Moreover, in certain circumstances, in addition to the waivers and reductions described in the preceding paragraph, the Parent Trust may elect to further discount the price at which it sells the Interests. In any such circumstance, the proceeds to the Parent Trust will not be affected because any difference between the discounted purchase price and the stated purchase price will be borne by the Sponsor and not the Parent Trust.

Further, in no event will any Selling Commissions or other fees be paid in connection with any "Special Sale" or with the sale of Interests directly by the Parent Trust. "Special Sales" are defined under the Placement

Agent Agreement between the Parent Trust and the Placement Agent to include sales to officers, directors and employees of The Inland Group, Inc., IREIC, the Placement Agent, or any of their direct or indirect wholly owned subsidiaries, as well as the family members (including spouses, parents, grandparents, children and siblings) of these persons, and officers, directors or employees of any investment program, including any REIT previously sponsored by IREIC. The elimination of such fees in connection with a "Special Sale" will have the effect of increasing the amount of Interests purchased by the particular Investor. The net offering proceeds received by the Parent Trust will not be affected by these "Special Sales."

In the event an Investor independently uses the services of a registered investment advisor and not a broker/dealer in connection with the purchase of Interests, no Selling Commissions or Dealer Fee will be payable to the investment advisor with respect to his, her, or its purchase of those Interests, which will have the effect of increasing the amount of Interests purchased by the particular Investor. The payment of any fees or similar compensation to such investment advisor will be the sole responsibility of the Investor, and the Parent Trust will have no liability for that compensation. The proceeds to the Parent Trust will not be affected by this waiver of Selling Commissions and the Dealer Fee.

Broker/Dealer Disqualifying Events

The Interests will be offered and sold pursuant to an exemption from the registration requirements of the Securities Act, in accordance with Rule 506(b) of Regulation D, and in compliance with any applicable state securities laws. Effective September 23, 2013, the SEC adopted amendments to Rule 506 requiring certain disclosures to customers in connection with Regulation D private placement offerings, which includes this Offering. Specifically, the amendments require that the Parent Trust notify you if the broker/dealers selling Interests in this Offering have experienced certain specified "disqualifying events," including certain criminal convictions, certain court injunctions and restraining orders, final orders of certain state and federal regulators and certain SEC disciplinary orders and SEC cease-and-desist orders, among other events.

Certain of the broker/dealers that may sell Interests in this Offering have previously informed IPC and ISC, as the placement agent for this Offering, that they have been subject to certain of the "disqualifying events" under Rule 506, as set forth below. The Parent Trust is required to provide this same information to you.

Berthel, Fisher & Company Financial Services, Inc. ("BFC"). BFC may sell Interests in this Offering. On June 4, 2013, BFC entered into a Consent Order with the State of South Dakota Division of Securities. The Order concerned alleged violations of South Dakota 47-31B-412(d)(13) regarding BFC's obligation to determine the suitability of the sale of certain alternative investments to some investors in South Dakota. BFC agreed to pay 12 investors a total of $69,000 in settlement of any claims they may have relating to the alleged violations.

Capital Financial Services, Inc. ("Capital Financial"). Capital Financial may sell Interests in this Offering. On December 16, 2011, the SEC issued an Order pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), ordering Capital Financial to cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act of 1933, as amended, Section 10(b) of the Exchange Act and Rule 108-5 thereunder.

The SEC Division of Enforcement (the "**Division**") alleged that from at least September 2006 through January 2009, Capital Financial marketed, recommended to investors, and sold preferred stock and limited partnership interests in a series of 14 private placements pursuant to Rule 506 of Regulation D. The private placement offerings were subsequently determined to be part of a Ponzi scheme. The Division specifically alleged that Capital Financial, through its registered principal, failed to conduct due diligence on these offerings sufficient to establish reasonable basis suitability before recommending the securities to its customers, and noted that Capital Financial was typically paid a sales commission plus a due diligence fee on the amount of subscription proceeds from these offerings.

The Order resulted from an offer of settlement by Capital Financial which the SEC found acceptable. As part of the settlement, Capital Financial undertook to, at its own expense, retain the services of a qualified Independent Consultant to conduct a comprehensive review of Capital

Financial's due diligence policies, practices, and procedures; to determine the adequacy of such due diligence policies and practices; and to prepare a written report recommending how Capital Financial should modify or supplement its due diligence policies and practices.

Concorde Investment Services, LLC ("Concorde") – Registered Reps. Concorde may sell Interests in this Offering. Concorde has determined that one of its registered representatives is subject to final orders of certain state securities commissions as follows: On December 13, 2012, Thomas Fanning, a registered representative currently associated with Concorde ("**Fanning**"), entered into an Acceptance, Waiver & Consent (the "**Fanning AWC**") in connection with allegations that Fanning borrowed funds from a client, contrary to his former broker/dealer firm's written procedures that prohibited registered persons from borrowing money from a client. As a result of the Fanning AWC, Fanning was required to pay a $5,000 penalty and was suspended from association with any FINRA member from January 22, 2013 to March 21, 2013.

Feltl & Company, Inc. ("Feltl"). Feltl may sell Interests in this Offering. On December 16, 2011, the SEC issued an Order pursuant to Sections 15(b)(4) of the Exchange Act, Sections 203(e) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act.

According to the Order, the SEC found that from February 2008 through March 2011, Feltl, a dually-registered broker-dealer and investment adviser, failed to adopt and implement comprehensive written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules for its growing advisory business, as required by Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. This failure resulted in Feltl engaging in hundreds of principal transactions with its advisory clients' accounts without making the proper disclosures and obtaining consent in violation of Section 206(3) of the Advisers Act. It also resulted in Feltl charging undisclosed fees to its clients participating in Feltl's wrap fee program by charging both wrap fees and commissions in violation of Section 206(2) of the Advisers Act. In addition, the Order stated that Feltl neglected to adopt a Code of Ethics and collect the required securities disclosure reports from its staff, as required under Section 204A of the Advisers Act and Rule 204A-1 thereunder. Feltl's compliance breakdown was caused by its failure to invest necessary resources in the firm's advisory business as it changed and grew in relation to its brokerage business.

As a result of the conduct, the SEC found that Feltl willfully violated: (1) Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder; (2) Section 206(3) of the Advisers Act; (3) Section 206(2) of the Advisers Act; and (4) Section 204A of the Advisers Act and Rule 204A-1.

Feltl undertook to retain an independent compliance consultant to conduct, during the first quarter of 2012 and the first quarter of 2013, comprehensive reviews of Feltl's supervisory, compliance, and other policies and procedures reasonably designed to detect and prevent breaches of fiduciary duty and federal securities law violations by Feltl and its employees, and to adopt the recommendations contained in the consultant's reports. Felt has advised the Parent Trust it has adopted all such recommendations.

The SEC imposed the following sanctions on Feltl: (1) Feltl was ordered to cease and desist from committing or causing any violations and any future violations of Sections 204A, 206(2), 206(3), and 206(4) of the Advisers Act and Rules 204A-1 and 206(4)-7 promulgated thereunder; (2) Feltl was sanctioned; (3) Feltl was ordered to pay disgorgement of $142,527 and prejudgment interest of $10,645; and (4) Feltl was ordered to pay a civil money penalty in the amount of $50,000. Feltl has advised the Parent Trust that it has complied with all of these sanctions.

Newbridge Securities Corporation ("Newbridge"). Newbridge may sell Interests in this Offering. On February 1, 2013, Newbridge entered into a consent order with the New Jersey Bureau of Securities related to alleged violations regarding the obligation to properly disclose transaction handling fees charged by Newbridge to its investors. Newbridge agreed to grant a 10% discount on all fees and/or commission charges to New Jersey residents for six months following the date of this consent order, as well as pay a civil penalty of $15,000 to New Jersey.

On August 23, 2010, Newbridge entered into an Acceptance, Waiver & Consent with FINRA (the "**Newbridge AWC**"). The Newbridge AWC set forth allegations that Newbridge violated Section 5 of the Securities Act of 1933, as amended, Section 10(B) of the Exchange Act, and Rule 10B-5 under the Exchange Act, as well as certain NASD rules. Generally, FINRA alleged that Newbridge facilitated the manipulative trading of the stock of a company created as the result of a reverse merger, and that accounts at Newbridge were used by a group of control persons and promoters to execute pre-arranged in-house agency cross and wash transactions that were intended to generate volume and support or increase the price of the stock. The allegations continued that Newbridge permitted control persons of unregistered pink-sheet securities to sell unregistered shares of securities through firm accounts and the sales were not made in compliance with any applicable exemption from registration. FINRA alleged that Newbridge: failed to adequately supervise the registered representatives who participated in the sales of unregistered securities; failed to take adequate measures to ensure that the registered representatives assigned to the accounts did not engage in the sale of unregistered securities; failed to take steps to ensure that the registered representatives ascertained whether the securities being sold were registered, how and from whom the customers had obtained their shares, whether an when the shares were paid for and whether the transactions were subject to any exemption from registration; and failed to adequately supervise the registered representatives who participated in the manipulative trading of a stock. FINRA alleged that Newbridge did not have adequate systems or controls in place to implement its policies, and the Newbridge failed to make certain required disclosures to FINRA. FINRA found that by facilitating manipulative trades, Newbridge willfully violated Section 10(B) of the Exchange Act and Rule 10B-5. Newbridge consented to the following sanctions: (1) censure; (2) a fine of $600,000; (3) required training for its chief executive officer; (4) a one-year prohibition from trading in penny stocks; and (5) a requirement to engage an independent consultant to review certain of its systems. The fine was paid in full on November 4, 2013.

SagePoint Financial, Inc. ("SagePoint"). SagePoint may sell Interests in this Offering. On March 8, 2010, the Alabama Securities Commission (the "**ASC**") and the Securities and Charities Division of the Mississippi Secretary of State (the "**MSOS**") issued an order against American General Securities Incorporated ("AGSI"). The ASC and MSOS alleged certain violations of the Alabama Securities Act and the Mississippi Securities Act. Specifically, the ASC and MSOS alleged that AGSI, directly or indirectly through its registered representative, omitted material facts in connection with the sale of securities to induce prospective customers to liquidate securities in order to purchase variable annuity products that the ASC and the MSOS contended were unsuitable for customers' financial objectives, that AGSI, through its registered representative, sold securities that the ASC and MSOS found to be unsuitable for AGSI's customers and that AGSI failed to enforce its supervisory procedures, among other things. AGSI was ordered to pay administrative assessments and costs totaling $215,000 to the ASC and MSOS. In addition, AGSI was ordered to offer to pay a partial reimbursement to certain Alabama and Mississippi customers. SagePoint Financial, Inc. was not involved in this matter, but disclosure is being provided given that SagePoint Financial, Inc. acquired AGSI in October 2008. CONDUCT OCCURRED PRIOR TO SAGEPOINT'S ACQUISITION OF AGSI.

Alabama Number C0-2010-0015; Mississippi Number S-05-0354 (January 21, 2010). A copy of the order is available at:

http://www.sos.ms.gov/ConsentAgreementsFinalOrders/AGSIOrderS-05-0354.pdf

Stifel, Nicolaus & Company, Incorporated ("Stifel"). On December 6, 2016, a final judgment ("**Judgment**") was entered against Stifel by the United States District Court for the Eastern District of Wisconsin (Civil Action No. 2:11-cv-00755) resolving a civil lawsuit filed by the SEC in 2011 involving violations of several antifraud provisions of the federal securities laws in connection with the sale of synthetic collateralized debt obligations ("**CDOs**") to five Wisconsin school districts in 2006. As a result of the Judgment:

- Stifel is required to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) and 17(a)(3) of the Securities Act; and

- Stifel and a former employee were jointly liable to pay disgorgement and prejudgment interest of $2.5 million. Stifel was also required to pay a civil penalty of $22 million. The Judgment also required Stifel to distribute $12.5 million of the ordered disgorgement and civil penalty to the school districts involved in this matter.

Simultaneously with the entry of the Judgment, the SEC issued an order granting Stifel waivers from the application of the disqualification provisions of Rule 506(d)(1)(iv) of Regulation D and Rule 262(b)(2) of Regulation A under the Securities Act (the "**Waivers**"). The Waivers were granted, based in part, upon a representation by Stifel that it would furnish (or cause to be furnished) a description of the Judgment to each purchaser in a Rule 506 offering that would otherwise be subject to disqualification as a result of the Judgment a reasonable time prior to sale.

Copies of the Judgment and Waivers are available on the SEC's website:

- Judgment: https://www.sec.gov/litigation/litreleases/2016/lr23700-final-judgment.pdf.

- Securities Act Waivers: https://www.sec.gov/rules/other/2016/33-10263.pdf

- Securities Act Waiver Request: https://www.sec.gov/divisions/corpfin/cf-noaction/2016/stifel-nicolaus-120616-506d.pdf.

VFG Securities, Inc. ("VFG"). VFG may sell Interests in this Offering. On May 29, 2013, VFG and VFG Advisors, Inc. entered into a Consent Order with the State of Colorado Division of Securities. The Order concerned allegations that VFG had employed an unlicensed sales representative. VFG was required to return to its customers certain commissions it had received. In addition, VFG agreed to withdraw its securities license in the State of Colorado for a period of 36 months.

ADDITIONAL INFORMATION

Books and Records

During the term of the Asset Management Agreements, the Asset Managers will keep proper and complete records and books of account for the Properties. These books and records will be kept at the Asset Managers' principal place of business at 2901 Butterfield Road, Oak Brook, Illinois 60523 and will be available to the Investors during reasonable business hours to the extent they are entitled to them under applicable law.

Tax Information

The Asset Managers or the Parent Signatory Trustee will provide to the Investors, in time for each Investor to file his, her or its tax returns, all tax information concerning the Trusts that is necessary for preparing the Investor's income tax returns for that year.

Additional Information

The Parent Trust will answer inquiries concerning the Interests and other matters relating to the Offering. Also, the Parent Trust will afford prospective Investors the opportunity to obtain any additional information (to the extent the Parent Trust possesses such information or can acquire such information without unreasonable effort or expense) that is necessary to verify the information in this Memorandum.

EXHIBIT A

FORM OF INVESTOR QUESTIONNAIRE & PURCHASE AGREEMENT

(This page has been left blank intentionally.)

Inland Private Capital Corporation

SUN BELT MULTIFAMILY PORTFOLIO III DST

Investor Questionnaire & Purchase Agreement

Dear Investor:

We would like to take this opportunity to thank you for your interest in SUN BELT MULTIFAMILY PORTFOLIO III DST. In order to complete the closing of this transaction, please provide the following information regarding your desired investment:

Name of Investor: _____

[Please note that if this is a Section 1031 or Section 1033 tax-deferred exchange, the replacement property must be held in exactly the same name as the relinquished property. List the name(s) exactly as they appeared on the title of the relinquished property.]

Type of Investment:

☐ Section 1031 tax-deferred exchange. (If selected, please complete Section V).

☐ Section 1033 tax-deferred exchange. (If selected, please complete Section V).

☐ Cash investment.

Amount of Equity Investment: $_____

Funds to Close: Please indicate how you will be purchasing your interest.

☐ I have enclosed a **check made payable to SUN BELT MULTIFAMILY PORTFOLIO III DST**. **Please note that checks made payable to Inland Private Capital Corporation will not be accepted.**

☐ Funds will be wired by me or my qualified intermediary (the holder of the exchange proceeds from my relinquished property).

In addition, in order to complete the closing of your investment, the following information is required:

☐ **Investor Questionnaire** (attached): please complete, sign and date.

☐ **Purchase Agreement** (attached): please complete, sign and date.

☐ **Entity Documentation** (i.e., trust certificate and trust agreement, as amended; corporate bylaws; partnership agreement; operating agreement; resolution, as applicable). [Please note that the documentation submitted **must include documents evidencing signing authority** and should include any and all amendments.]

Fillable PDFs are available upon request at investments@inlandprivatecapital.com. Please complete and return all documentation to: Inland Private Capital Corporation, Attention: Investments, 2901 Butterfield Road, Oak Brook, Illinois 60523, or via e-mail to investments@inlandprivatecapital.com.

For questions or assistance, please contact (888) 671-1031 or investments@inlandprivatecapital.com.

INVESTMENT APPROVAL – SUN BELT MULTIFAMILY PORTFOLIO III DST

FOR BROKER-DEALER OR RIA PRINCIPAL USE

I. **Name of Investor(s):** _____

II. **Investment Amount:** $ _____

III. **Name of Advisor or Representative:** _____

IV. **Name of Broker Dealer or Firm:** _____

V. **Advisor/Rep. Address:** _____

City, State, Zip: _____

Please check one box: The Advisor/Rep is licensed in the state of the investment (e.g., the investor's state of residence) ☐ OR is relying on a de minimis exemption in such state ☐.

VI. **Advisor/Rep Email:** _____ **Phone:** _____

VII. **Firm Principal Email:** _____ **Phone:** _____

IMPORTANT DISCLOSURE – PLEASE READ AND ACKNOWLEDGE BY SIGNING BELOW

The investment provided for herein is approved pursuant to the terms and conditions of the executed Soliciting Dealer Agreement or Registered Investment Advisor Agreement for the Offering. Each of the undersigned parties hereby represents and warrants that he or she will comply with the applicable requirements of the Securities Act of 1933, as amended, and the published rules and regulations of the Securities and Exchange Commission thereunder, and applicable blue sky or other state securities laws, as well as the rules and regulations of FINRA or any other applicable regulatory authority. Each of the undersigned parties further represents and warrants that he or she is not subject to any of the "Bad Actor" disqualifications described in Rule 506(d) under the Securities Act of 1933, as amended, except for such event: (1) contemplated by Rule 506(d)(2) of the Securities Act of 1933, as amended, and (2) a reasonably detailed written description of which has been furnished to the placement agent of the offering

VII. **Firm Principal:** Printed Name: _____

Signature: _____ Date: _____

VIII. **Advisor/Representative:** Printed Name: _____

Signature: _____ Date: _____

SUN BELT MULTIFAMILY PORTFOLIO III DST

Instructions to Investor Questionnaire & Purchase Agreement

Please read carefully the Private Placement Memorandum for the beneficial ownership interests ("**Interests**") in **SUN BELT MULTIFAMILY PORTFOLIO III DST**, a Delaware statutory trust, (the "**Seller**"), dated March 18, 2020 (as amended and supplemented from time to time, the "**Private Placement Memorandum**"), and all exhibits thereto, before deciding to purchase the Interests.

This private offering of Interests is limited to a purchaser who certifies that he, she or it is an "accredited investor," as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended, and meets all of the qualifications set forth in the Private Placement Memorandum. If you meet these qualifications and desire to purchase an Interest, then please follow the instructions below to complete your purchase.

EACH PROSPECTIVE PURCHASER SHOULD EXAMINE THE SUITABILITY OF THIS TYPE OF PURCHASE OF SECURITIES IN THE CONTEXT OF HIS, HER OR ITS OWN NEEDS, PURCHASE OBJECTIVES AND FINANCIAL CAPABILITIES AND SHOULD MAKE HIS, HER OR ITS OWN INDEPENDENT INVESTIGATION AND DECISION AS TO SUITABILITY AND RISK. IN ADDITION, EACH PROSPECTIVE PURCHASER IS ENCOURAGED TO CONSULT WITH HIS, HER OR ITS ATTORNEY, ACCOUNTANT, FINANCIAL CONSULTANT OR OTHER BUSINESS OR TAX ADVISOR REGARDING THE RISKS AND MERITS OF THE PROPOSED PURCHASE.

IMPORTANT NOTE TO PROSPECTIVE INVESTORS: AS DISCUSSED IN GREATER DETAIL IN THE PURCHASE AGREEMENT AND THE PRIVATE PLACEMENT MEMORANDUM, THE CLOSING OF THE PURCHASE OF INTERESTS PURSUANT TO SUBMISSION OF AN INVESTOR QUESTIONNAIRE & PURCHASE AGREEMENT WILL BE DELAYED UNTIL SUCH TIME AS CERTAIN EVENTS HAVE OCCURRED. YOU HAVE THE RIGHT TO WITHDRAW ANY INVESTOR QUESTIONNAIRE & PURCHASE AGREEMENT SUBMITTED PRIOR TO THE OCCURRENCE OF SUCH EVENTS.

INSTRUCTIONS TO INVESTORS FOR PURCHASING INTERESTS:

1. This Investor Questionnaire & Purchase Agreement is comprised of two parts – the Investor Questionnaire and the Purchase Agreement, each of which is accompanied by specific instructions. You must complete, sign and date both parts of the Investor Questionnaire & Purchase Agreement according to the instructions provided**.** Deliver the completed and signed Investor Questionnaire & Purchase Agreement to your financial advisor.

2. Your financial advisor will forward the documents to his/her Broker Dealer or Registered Investment Advisor. The Broker Dealer or Registered Investment Advisor will then forward the documents to **Inland Private Capital Corporation, 2901 Butterfield Road, Oak Brook, Illinois 60523, Attention: Investments**, or via e-mail to **investments@inlandprivatecapital.com**.

3. If your investment is part of an Internal Revenue Code section 1031 ("Section 1031") tax-deferred exchange: The Seller and the qualified intermediary (the holder of the exchange proceeds from your relinquished property) will coordinate the payment for the purchase of the Interests. Upon receiving the Purchase Agreement, and the necessary escrow instructions from the Seller, the qualified intermediary will either wire the funds from the qualified escrow account to the Seller or deliver to Inland Private Capital Corporation, in person or by mail, a check made payable to **SUN BELT MULTIFAMILY PORTFOLIO III DST**.

4. If your investment is a direct investment: Payment for the purchase of Interests may be made by either wiring the funds directly to the Seller (the preferred method), or by delivering to Inland Private Capital Corporation, in person or by mail, a check made payable to **SUN BELT MULTIFAMILY PORTFOLIO III DST**. If you choose to wire the funds directly, please contact Investor Services at Inland Private Capital Corporation (888.671.1031) for the necessary escrow instructions.

   Please note that investments will not be accepted from, or on behalf of tax-exempt entities, including but not limited to qualified employee pension and profit sharing trusts, individual retirement accounts, Simple 401(k) plans, annuities and charitable remainder trusts.

INVESTOR QUESTIONNAIRE

SECTION I – OWNERSHIP AND INVESTMENT INFORMATION

A. IF THE INVESTOR IS AN INDIVIDUAL, PLEASE COMPLETE THE FOLLOWING:

Name of Investor: _____

Name of Joint Investor (if applicable): _____

Type of ownership: ☐ Individual Ownership ☐ Joint Tenants ☐ Tenants in Common ☐ Community Property

Each investor must initial the statement or statements below that truthfully describe him or her:

_____ _____ I am a natural person whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) my primary residence shall not be included as an asset; (2) indebtedness that is secured by my primary residence, up to the estimated fair market value of the primary residence at the time of the closing of my acquisition of the Interests, shall not be included as a liability; *provided, however*, that if the amount of such indebtedness outstanding at the time of the closing of my acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if I take out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by my primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability.

_____ _____ I am a natural person who had an individual income in excess of $200,000 in each of the two most recent preceding full calendar years or joint income with my spouse in excess of $300,000 in each of those years, and I have (individually or with my spouse) a reasonable expectation of reaching the same income level in the current year.

After completing this page, you may proceed to page 7.

[Remainder of the Page Intentionally Left Blank]

B. IF THE INVESTOR IS A TRUST, PLEASE COMPLETE THE FOLLOWING:

Name of Trust: _____

Trust Taxpayer Identification Number: _____

Names of Trustees: 1. _____

2. _____

3. _____

4. _____

Please complete a Trust Certificate (Appendix A) and submit a copy of the Trust Agreement and any amendments.

Please note: If an investor is purchasing Interests through a trust that is a taxpaying entity, then all trustees must complete and execute the Investor Questionnaire on behalf of the trust and all questions concerning income, assets, and accreditation will pertain to the trust. If, on the other hand, the trust is not the taxpaying entity with respect to this investment (e.g., a grantor trust), then the person paying the tax on the trust's income (the "taxpayer") must complete and execute the Investor Questionnaire and all questions concerning income, and assets will pertain to the taxpayer.

Please select the appropriate type of trust below and initial accordingly.

Revocable Trusts: Please initial the statement or statements below that truthfully describe the purchaser:

_____ _____ Purchaser is a revocable trust: (1) not formed for the specific purpose of acquiring the securities offered; (2) with total assets in excess of $5,000,000; and (3) with the power and authority to execute and comply with the terms of the Purchase Agreement.

_____ _____ Purchaser is a revocable trust in which the trustee, or co-trustee, is a bank, insurance company, registered investment company, business development company, or small investment company.

_____ _____ Purchaser is a trust in which each grantor is either:

(a) a natural person whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) the person's primary residence shall not be included as an asset; (2) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the person's acquisition of the Interests, shall not be included as a liability; *provided, however*, that if the amount of such indebtedness outstanding at the time of the closing of the person's acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the person takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; OR

(b) a natural person who had individual income in excess of $200,000 in each of the two most recent preceding full calendar years or joint income with their spouse in excess of $300,000 in each of those years, and who has (individually or with their spouse) a reasonable expectation of reaching the same income level in the current year.

Irrevocable Trusts: Please initial the statement below that truthfully describes the purchaser:

_____ _____ Purchaser is an irrevocable trust: (1) not formed for the specific purpose of acquiring the securities offered; (2) with total assets in excess of $5,000,000; and (3) with the power and authority to execute and comply with the terms of the Purchase Agreement.

_____ _____ Purchaser is a trust in which the trustee, or co-trustee, of the trust is a bank, insurance company, registered investment company, business development company, or small investment company.

After completing this page, you may proceed to page 7.

C. IF THE INVESTOR IS AN ENTITY (CORPORATION, PARTNERSHIP, LLC, ETC.), PLEASE COMPLETE THE FOLLOWING:

Name of Entity: _____

Entity Address: _____

City / State / Zip: _____

Entity Taxpayer Identification Number: _____

Names of Equity Owners/Signatories:	Ownership Percentage (must total 100%):
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____

Type of ownership: ☐ Corporation ☐ Partnership ☐ Limited Liability Company ☐ Other: _____

Corporation - If purchasing as a **corporation**, the investor must submit the following: (1) a copy of the corporation's bylaws, with any and all amendments; (2) a completed Incumbency Certificate (Appendix B); and (3) a completed Corporate Resolution or Officer's Certificate (Appendix C or Appendix D).

Partnerships - If purchasing as a **partnership**, the investor must submit the following: (1) a copy of the Partnership Agreement, with any and all amendments; and (2) a completed Partnership Resolution (Appendix E).

Limited Liability Company - If purchasing as a **limited liability company**, the investor must submit the following: (1) a copy of the Operating Agreement, with any and all amendments; and (2) a completed LLC Resolution (Appendix F).

Please initial the statement or statements below that truthfully describe the purchaser:

_____ _____ Purchaser is a corporation, a business, a partnership or a limited liability company: (1) not formed for the specific purpose of acquiring the securities offered; (2) with total assets in excess of $5,000,000; and (3) with the power and authority to execute and comply with the terms of this Investor Questionnaire and Purchase Agreement.

_____ _____ Purchaser is any of the following: (1) a bank or savings and loan association or other institution acting in its individual or fiduciary capacity; (2) a broker or dealer; (3) an insurance company; (4) an investment company or a business development company under the Investment Company Act of 1940; (5) a private business development company under the Investment Advisers Act of 1940; or (6) a Small Business Investment Company licensed by the U.S. Small Business Administration.

_____ _____ Purchaser is an entity in which all the equity owners are either:

(a) natural persons whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) the person's primary residence shall not be included as an asset; (2) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the person's acquisition of the Interests, shall not be included as a liability; *provided, however*, that if the amount of such indebtedness outstanding at the time of the closing of the person's acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the person takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; OR

(b) natural persons who had individual income in excess of $200,000 in each of the two most recent preceding full calendar years or joint income with their spouse in excess of $300,000 in each of those years, and who have (individually or with their spouse) a reasonable expectation of reaching the same income level in the current year.

SECTION II – INVESTOR INFORMATION

INVESTOR #1 (SPOUSE #1, TRUSTEE #1, EQUITY OWNER #1, ETC.)

Salutation: ☐ Mr. ☐ Ms. ☐ Mrs.

Name: _____

Date of Birth: _____

Social Security No.: _____

Home Address: _____

City / State / Zip: _____

Mailing Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

Country of Residence: _____

INVESTOR #2 (SPOUSE #2, TRUSTEE #2, EQUITY OWNER #2, ETC.)

Salutation: ☐ Mr. ☐ Ms. ☐ Mrs.

Name: _____

Date of Birth: _____

Social Sec. No.: _____

Home Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

Country of Residence: _____

Please provide additional pages as necessary to complete this Section II for all equity owners.

SECTION III – INVESTOR DISTRIBUTION OPTIONS

Please direct distributions: (Select one.)

☐ VIA MAIL TO: MAILING ADDRESS OF RECORD

☐ VIA MAIL TO BANK OR BROKERAGE ACCOUNT: (Complete #1, #2, #3 and #5 in below box.)

☐ VIA ELECTRONIC DEPOSIT (ACH) TO: (Complete #1 through #5 and attach a voided check.)

1. _____
Name of Bank, Brokerage Firm or Individual

2. _____
Mailing Address

3. _____
City, State, Zip Code

4. _____
Bank ABA Number

5. _____
Account Number

☐ Checking ☐ Savings

Electronic Deposit (ACH) Authorization - I (we) authorize the Seller's manager and signatory trustee (the "Manager"), to deposit distributions from my (our) interest in the Seller to my (our) account indicated above at the depository financial institution (hereinafter, the "Depository") indicated above. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law. I (we) further authorize the Manager to debit my (our) account noted below in the event that the Manager erroneously deposits additional funds to which I (we) am (are) not entitled, provided that such debit shall not exceed the original amount of the erroneous deposit. In the event that I (we) withdraw funds erroneously deposited into my (our) account before the Manager reverses such deposit, I (we) agree that the Manager has the right to retain any future distributions to which I (we) am (are) entitled until the erroneously deposited amounts are recovered by the Manager. This authorization is to remain in full force and effect until the Manager has received written notification from me (or either of us) of its termination in such time and in such manner as to afford the Manager and the Depository a reasonable opportunity to act on it, or until the Manager has sent me written notice of termination of this authorization.

The signature(s) of all investors of record are required.

_____ _____
Signature of Investor Signature of Co-Investor (if applicable)

SECTION IV – SUBSTITUTE W-9

TO BE COMPLETED BY INDIVIDUAL/ENTITY FOR WHICH INFORMATION WILL BE REPORTED TO THE IRS.

THE UNDERSIGNED CERTIFIES, under penalties of perjury that: (1) the taxpayer identification number shown below is true, correct and complete; (2) I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or distributions, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding; (3) I am a U.S. person (including Resident Alien); and (4) I am exempt from Foreign Account Tax Compliance Act ("FATCA") reporting.

Taxpayer Identification No.: _____

Signature of Investor: _____ Date: _____

SECTION V – SECTION 1031/1033 INVESTORS ONLY

I (we) hereby provide the following information pertaining to my (our) Qualified Intermediary for this acquisition. I (we) request and authorize my (our) Qualified intermediary to furnish the Seller any information requested regarding my (our) Section 1031 exchange.

The following Qualified Intermediary is authorized and instructed to fund all equity due to close the transaction prior to the scheduled closing date:

Company Name: _____

Exchange Coordinator: _____

Address: _____

City / State / Zip Code: _____

Telephone No.: _____

Facsimile No.: _____

E-mail Address: _____

Is escrow closed (please check one): ☐ Yes ☐ No

Closing date of relinquished property: _____

I (we) instruct my (our) Qualified Intermediary to wire (check only one box):

☐ All funds held by the Qualified Intermediary in the qualified escrow account, which is $_____, excluding any accumulated interest and expenses that cause the amount to be less than a whole dollar (rounding up or down), with the understanding that these costs will be treated as boot.

☐ Only $_____ held by the Qualified Intermediary in the qualified escrow account.

SIGNATURE PAGE TO INVESTOR QUESTIONNAIRE – ALL AUTHORIZED PERSONS MUST SIGN.

I (we) acknowledge and agree to all of the representations and warranties contained in this Investor Questionnaire.

Executed this ____ day of _____, 20____

(Date must be completed.)

If a natural person:

Signature: _____

Name: _____

(If Joint Ownership: to be signed by joint owner.)

Signature: _____

Name: _____

If not a natural person:

Name of Trust/Entity: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

ALL AUTHORIZED PERSONS MUST SIGN THIS PAGE.

SIGNATURE PAGE TO THE TRUST AGREEMENT OF SUN BELT MULTIFAMILY PORTFOLIO III DST

The undersigned has received and reviewed, with assistance from such legal, tax, investment, and other advisors and skilled persons as the undersigned has deemed appropriate, the Trust Agreement of **SUN BELT MULTIFAMILY PORTFOLIO III DST**, dated February 3, 2020 (the "**Trust Agreement**"), as may be further amended or supplemented from time to time, and hereby covenants and agrees to be bound by the Trust Agreement.

ON BEHALF OF OR BY INDIVIDUAL INVESTOR(S):

_____	_____
Signature Investor #1	Signature Investor #2
_____	_____
Please Print Name	Please Print Name
_____	_____
Signature Investor #3	Signature Investor #4
_____	_____
Please Print Name	Please Print Name

ON BEHALF OF OR BY OTHER ENTITY (trust, corporation, partnership, limited liability company):

NAME OF TRUST/ENTITY: _____

_____	_____
Signature of Trustee/Equity Owner	Signature of Trustee/Equity Owner
_____	_____
Please Print Name / Title	Please Print Name / Title
_____	_____
Signature of Trustee/Equity Owner	Signature of Trustee/Equity Owner
_____	_____
Please Print Name / Title	Please Print Name / Title

APPENDIX A – TRUST CERTIFICATE

Note: To be completed only by those investors investing through a trust.

1. The title of the Trust to which this Certificate applies is: _____
   _____
2. The date of the Trust Agreement is: _____
3. The date of the last amendment to the Trust Agreement (if any) is: _____
4. The grantor(s) or testator(s) of the Trust is/are: _____
5. The Seller has the authority to accept orders and other instructions relative to the Trust account from designated trustees, who are:

Trustee Name (please print)	Date of Birth	Trustee Name (please print)	Date of Birth
Trustee Name (please print)	Date of Birth	Trustee Name (please print)	Date of Birth

6. **Please select one of the following three options**:

   ☐ The trustee(s) listed above may act independently as provided in the Trust Agreement, and the execution by any one trustee can bind the Trust.

   ☐ The trustees listed above may act as a majority as provided in the Trust Agreement.

   ☐ The trustee(s) listed above must act unanimously as provided in the Trust Agreement, and the execution or authorization of all of the trustees is required to bind the Trust.

7. The undersigned, constituting all of the trustee(s) of the Trust, hereby certify as follows:

   a) A true and correct copy of the Trust Agreement is attached hereto and that, as of the date hereof, the Trust Agreement has not been amended (except as to any attached amendments) or revoked and is still in full force and effect.

   b) As the trustee(s) of the Trust, we have determined that the investment in, and purchase of Interests in **SUN BELT MULTIFAMILY PORTFOLIO III DST** is authorized by the terms of the Trust Agreement and is of benefit to the Trust, and we have determined to make such investment on behalf of the Trust.

   c) We, the trustees, jointly and severally, indemnify **SUN BELT MULTIFAMILY PORTFOLIO III DST** and hold **SUN BELT MULTIFAMILY PORTFOLIO III DST** harmless from and against any liability relating to effecting any orders, transactions, instructions or directions given by any individuals listed in this Certificate.

All trustees must sign and date below.

Trustee Signature	Date	Trustee Signature	Date
Trustee Signature	Date	Trustee Signature	Date

APPENDIX B – INCUMBENCY CERTIFICATE

Note: To be completed only by those investors investing through a corporation.

_____

Name of Corporation

_____

State of Incorporation

The undersigned hereby certifies that the following persons are the duly elected directors and officers, respectively, of _____, a/an _____ corporation.

_____ Director _____ Director

_____ Director _____ Director

_____ Director _____ Director

_____ President _____Vice President

_____ Treasurer _____ Secretary

Dated effective _____, 20_____

_____, a/an

_____ corporation

By: _____

Name: _____

Secretary

APPENDIX C – CORPORATE RESOLUTION

Note: To be completed only by those investors investing through a corporation.
Additional Note: Appendix D may be provided as an alternative to this Appendix C.

The undersigned, being all the members of the Board of Directors (the "Board of Directors") of _____, a/an _____ corporation (the "Corporation"), hereby adopt the following preambles and resolutions:

WHEREAS, the Corporation desires to purchase an interest in **SUN BELT MULTIFAMILY PORTFOLIO III DST** (the "Investment");

WHEREAS, the Corporation is authorized to execute and deliver all documents relating to the Investment; and

WHEREAS, the Board of Directors believes it to be in the best interest of the Corporation to make the Investment and execute any documents related thereto.

NOW THEREFORE, BE IT RESOLVED, that the Investment is hereby approved, confirmed and ratified by the Board of Directors in all respects;

FURTHER RESOLVED, that _____, an officer of the Corporation ("Officer"), is hereby authorized and directed to execute, deliver and perform those agreements and documents related to the Investment, in the name and on behalf of the Corporation, with such changes therein and additions thereto as the Officer may deem necessary, appropriate or advisable to effect the transactions contemplated by the foregoing resolution;

FURTHER RESOLVED, that the Officer is hereby authorized and directed to execute, deliver and perform all further instruments and documentation and to take all other actions, in the name and on behalf of the Corporation, as it may deem convenient or proper to carry out the Investment; and

FURTHER RESOLVED, that any action heretofore taken and all documentation heretofore delivered by the Corporation or the Officer in furtherance of the Investment and foregoing resolutions are hereby ratified and confirmed in all respects.

Dated effective _____, 20____

_____	_____
Director (signature)	Director (signature)
_____	_____
Director (signature)	Director (signature)
_____	_____
Director (signature)	Director (signature)

Being all of the Directors of the Corporation

APPENDIX D – OFFICER'S CERTIFICATE

Note: To be completed only by those investors investing through a corporation.
Additional Note: Appendix C may be provided as an alternative to this Appendix D.

The undersigned, _____, hereby certifies that:

1. _____ is the _____ of _____, a/an _____ corporation ("Corporation"), and has personal knowledge of the matters set forth herein.

2. This Certificate is executed to evidence the approval and consent of the Corporation to purchase an interest in **SUN BELT MULTIFAMILY PORTFOLIO III DST** (the "Investment").

3. The undersigned acknowledges that the Corporation is authorized to execute and deliver all documents relating to the Investment.

4. Pursuant to the organizational documents of the Corporation, the specific consent or approval of the Board of Directors of the Corporation is not necessary for the consummation of the Investment.

5. The undersigned acting alone has the authority, pursuant to the organizational documents of the Corporation, to execute all documents related to the Investment.

6. This Certificate may be relied upon by **SUN BELT MULTIFAMILY PORTFOLIO III DST** and its affiliates.

Dated effective _____, 20_____

By: _____

Name: _____

Title: _____

APPENDIX E – PARTNERSHIP RESOLUTION

Note: To be completed only by those investors investing through a partnership.

The undersigned, being all the partners (the "Partners") of _____, a/an _____ partnership (the "Partnership"), hereby adopt the following preambles and resolutions:

WHEREAS, the Partnership desires to purchase an interest in **SUN BELT MULTIFAMILY PORTFOLIO III DST** (the "Investment");

WHEREAS, the Partnership is authorized to execute and deliver all documents relating to the Investment; and

WHEREAS, the Partners believe it to be in the best interest of the Partnership to make the Investment and execute any documents related thereto.

NOW THEREFORE, BE IT RESOLVED, that the Investment is hereby approved, confirmed and ratified by the Partners in all respects;

FURTHER RESOLVED, that _____, an agent of the Partnership ("Authorized Person"), is hereby authorized and directed to execute, deliver and perform those agreements and documents related to the Investment, in the name and on behalf of the Partnership, with such changes therein and additions thereto as the Authorized Person may deem necessary, appropriate or advisable to effect the transactions contemplated by the foregoing resolution;

FURTHER RESOLVED, that the Authorized Person is hereby authorized and directed to execute, deliver and perform all further instruments and documentation and to take all other actions, in the name and on behalf of the Partnership, as it may deem convenient or proper to carry out the Investment; and

FURTHER RESOLVED, that any action heretofore taken and all documentation heretofore delivered by the Partnership or the Authorized Person in furtherance of the Investment and foregoing resolutions are hereby ratified and confirmed in all respects.

Dated effective _____, 20____

_____	_____
Partner (signature)	Partner (signature)
_____	_____
Partner (signature)	Partner (signature)
_____	_____
Partner (signature)	Partner (signature)

Being all of the Partners of the Partnership

APPENDIX F – LIMITED LIABILITY COMPANY RESOLUTION

Note: To be completed only by those investors investing through a limited liability company.

The undersigned, being all the members (the "Members") of _____, a/an _____ limited liability company (the "LLC"), hereby adopt the following preambles and resolutions:

WHEREAS, the LLC desires to purchase an interest in **SUN BELT MULTIFAMILY PORTFOLIO III DST** (the "Investment");

WHEREAS, the LLC is authorized to execute and deliver all documents relating to the Investment; and

WHEREAS, the Members believe it to be in the best interest of the LLC to make the Investment and execute any documents related thereto.

NOW THEREFORE, BE IT RESOLVED, that the Investment is hereby approved, confirmed and ratified by the Members in all respects;

FURTHER RESOLVED, that _____, an agent of the LLC ("Authorized Person"), is hereby authorized and directed to execute, deliver and perform those agreements and documents related to the Investment, in the name and on behalf of the LLC, with such changes therein and additions thereto as the Authorized Person may deem necessary, appropriate or advisable to effect the transactions contemplated by the foregoing resolution;

FURTHER RESOLVED, that the Authorized Person is hereby authorized and directed to execute, deliver and perform all further instruments and documentation and to take all other actions, in the name and on behalf of the LLC, as it may deem convenient or proper to carry out the Investment; and

FURTHER RESOLVED, that any action heretofore taken and all documentation heretofore delivered by the LLC or the Authorized Person in furtherance of the Investment and foregoing resolutions are hereby ratified and confirmed in all respects.

Dated effective _____, 20____

_____	_____
Member (signature)	Member (signature)
_____	_____
Member (signature)	Member (signature)
_____	_____
Member (signature)	Member (signature)

Being all of the Members of the LLC

PURCHASE AGREEMENT

PURCHASE AGREEMENT OF SUN BELT MULTIFAMILY PORTFOLIO III DST

Up to $80,895,627 of Interests

THIS PURCHASE AGREEMENT (the "**Purchase Agreement**") is made by and between **SUN BELT MULTIFAMILY PORTFOLIO III DST**, a Delaware statutory trust (the "**Seller**") and the undersigned, with reference to the facts set forth below.

RECITALS

A. The Seller owns, or will acquire and own, 100% of the beneficial interests in the following Delaware statutory trusts: Country Place AZ Multifamily DST (the "**Country Place Trust**"); Marley Park AZ Multifamily DST (the "**Marley Park Trust**"); and Space Coast Multifamily DST (the "**Space Coast Trust**").

B. The Country Place Trust owns that certain real property known as "Christopher Todd Communities at Country Place" and located at 2500 South 99th Avenue, Tolleson, Arizona 85353, as more particularly described on Exhibit A attached hereto (the "**Country Place Property**"). The Country Place Trust obtained a loan, secured by the Country Place Property, in the original principal amount of $22,101,000 from NorthMarq Capital Finance L.L.C., a Nebraska limited liability company ("**NorthMarq**"), under the Federal National Mortgage Association ("**Fannie Mae**") and Delegated Underwriting Service ("**DUS**") loan program.

C. The Marley Park Trust will acquire and own that certain real property known as "Christopher Todd Communities at Marley Park" and located at 15025 West Old Oak Lane, Surprise, Arizona 85379, as more particularly described on Exhibit A attached hereto (the "**Marley Park Property**"). The Marley Park Trust expects to obtain a loan, secured by the Marley Park Property, in the original principal amount of $22,931,000 (the "**Marley Park Loan**") from NorthMarq under the Fannie Mae DUS loan program (the "**Marley Park Loan**").

D. The Space Coast Trust will acquire and own that certain real property known as "Centre Pointe Apartments" and located at 6705 Shadow Creek Trail, Melbourne, Florida 32940, as more particularly described on Exhibit A attached hereto (the "**Space Coast Property**"). The Space Coast Trust expects to obtain a loan, from KeyBank National Association ("**KeyBank**") under the Fannie Mae DUS loan program in the original principal amount of $38,896,000 (the "**KeyBank Loan**").

E. The Seller is offering (the "**Offering**") to sell to certain qualified, accredited investors pursuant to that certain private placement memorandum, dated March 18, 2020 (as amended and supplemented from time to time, the "**Private Placement Memorandum**"), beneficial ownership interests in the Seller (the "**Interests**").

F. The Seller desires to sell and the undersigned desires to buy the Interests on the terms and conditions set forth in the Private Placement Memorandum. This sale will be made pursuant to the Private Placement Memorandum.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

1. Purchase of Interests. The undersigned, intending to be legally bound, hereby irrevocably offers to purchase $_____ worth of Interests in the Seller, and agrees to pay $808,956.27 per 1% Interest (or fraction thereof) acquired from the Seller. The Interests are being purchased pursuant to the terms and conditions of the Private Placement Memorandum, receipt of which is hereby acknowledged. Terms not defined herein shall have the same meanings as in the Private Placement Memorandum.

2. Amount and Method of Payment. Payment for the Interests purchased hereunder is to be made by either wiring the funds from the qualified escrow account or by delivering to Inland Private Capital Corporation, in person or by mail, a **check made payable to "SUN BELT MULTIFAMILY PORTFOLIO III DST"** for the aggregate purchase price of the Interests. The minimum amount of Interests that a prospective Investor completing an Internal Revenue Code section 1031 ("**Section 1031**") tax-deferred exchange will be required to purchase is $100,000, unless the Seller waives such requirement. The minimum amount of Interests that a prospective Investor making a cash investment without a Section 1031 tax-deferred exchange will be required to purchase is $25,000, unless the Seller waives such requirement. If the purchase of an Interest is part of a Section 1031 tax-deferred exchange, payment shall be coordinated through the undersigned's qualified intermediary who holds the undersigned's exchange proceeds from the relinquished property.

3. Acceptance of Purchase.

(a) The undersigned understands and agrees that the Seller, in its sole discretion, reserves the right to accept or reject this or any other offer to purchase Interests in whole or in part. If this offer to purchase is rejected in whole or in part, or if the Seller terminates the Offering for any reason, the Seller will promptly return the applicable portion of the purchase price. This Purchase Agreement shall thereafter have no force or effect with respect to the rejected portion of the purchase of Interests.

(b) **The Seller shall not accept any payment of the purchase price for the Interests and shall not close on the purchase of any Interests until the following events have occurred: (1) the Marley Park Trust acquires the Marley Park Property and obtains the Marley Park Loan; (2) the Space Coast Trust acquires the Space Coast Property and obtains the KeyBank Loan; (3) each of the Marley Park Trust and the Space Coast Trust enters into a Master Lease with its respective Master Tenant; and (4) each of the Marley Park Trust and the Space Coast Trust enters into an Asset Management Agreement with its respective Asset Manager; and (5) each of the Marley Park Master Tenant and the Space Coast Master Tenant enters into a Property Management Agreement with the Property Manager, in each case as such terms are defined in the Memorandum (collectively, the "Closing Events"). The date on which such events have occurred is referred to herein as the "Closing Date." The Seller agrees to hold this Purchase Agreement on behalf of the undersigned, and will not accept or otherwise receive any payment of the purchase price for the Interests from the undersigned in connection therewith, until the Closing Date.**

(c) **Once the Closing Events have occurred, the Seller will take the following steps:**

(i) If the investment is part of a Section 1031 tax-deferred exchange, the Seller will advise the undersigned's qualified intermediary that the Closing Events have occurred, and the Seller and the qualified intermediary will coordinate the payment for the purchase of the Interests in accordance with Section 2 of this Purchase Agreement.

(ii) If the investment is not part of a Section 1031 tax-deferred exchange, the Seller will advise the undersigned's financial advisor that the Closing Events have occurred, and the financial advisor will coordinate with the undersigned the payment for the purchase of the Interests in accordance with Section 2 of this Purchase Agreement.

The Seller will not accept or otherwise receive any payment of the purchase price for the Interests from the undersigned prior to the Closing Date.

Notwithstanding anything to the contrary herein, the undersigned reserves the right to withdraw any Investor Questionnaire & Purchase Agreement submitted prior to the Closing Date, on the terms described herein. Specifically, the undersigned may revoke his, her or its Investor Questionnaire & Purchase Agreement prior to the close of the fifth business day after the Seller issues a Supplement to the Private Placement Memorandum, confirming that the Closing Events have occurred (such date referred to herein as the "Revocation Deadline"), by providing written notice of revocation to the Seller prior to the Revocation Deadline. If the undersigned notifies the Seller of his or her desire to revoke the Investor Questionnaire & Purchase Agreement in a timely manner, the Seller will promptly return the Investor Questionnaire & Purchase Agreement to the undersigned. The undersigned's right to withdraw the Investor

Questionnaire & Purchase Agreement terminates as of the Revocation Deadline.

4. Representations and Warranties of the Seller. The Seller hereby acknowledges, represents and warrants that:

(a) Status. The Seller is a validly formed and existing statutory trust under the laws of the State of Delaware.

(b) Issuance. When issued, authenticated and delivered by the Seller and paid for by the undersigned pursuant to the provisions of this Purchase Agreement and of the Seller's Trust Agreement, as amended or restated from time to time (the "**Trust Agreement**"), the undersigned's Interests will be duly and validly issued and outstanding and entitled to the benefits provided by the Trust Agreement, except as such enforceability may be limited by the effect of (i) bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws affecting the enforcement of the rights of creditors generally, and (ii) general principles of equity, whether enforcement is sought in a proceeding in equity or at law.

5. Representations and Warranties of the Undersigned. The undersigned hereby acknowledges, represents and warrants that:

(a) The Interests offered by the Private Placement Memorandum have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or under the laws of any state, and are being offered and sold in reliance on exemptions from the provisions of the Securities Act and applicable state law. The Interests have not been approved or disapproved by the Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon, or endorsed the merits of, the offering or the accuracy or adequacy of the Private Placement Memorandum. The undersigned hereby further acknowledges, represents and warrants that:

(i) the undersigned has received the Private Placement Memorandum, has carefully reviewed it and understands the information contained therein and information otherwise provided in writing by the Seller relating to this investment;

(ii) the undersigned acknowledges that all documents, records and books pertaining to this investment (including, without limitation, the Private Placement Memorandum) have been made available for inspection to the undersigned or the undersigned's agents or advisors;

(iii) the undersigned, either directly or through advisors, has had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the Seller concerning the Offering and, as the undersigned may deem necessary, to verify the information contained in the Private Placement Memorandum, and all questions have been answered and all such information has been provided to the full satisfaction of the undersigned;

(iv) no oral or written representations have been made or oral or written information furnished to the undersigned or his or her advisor(s) in connection with the Offering that were in any way inconsistent with the information stated in the Private Placement Memorandum;

(v) the undersigned is not purchasing the Interests as a result of or subsequent to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting;

(vi) the undersigned meets one of the following tests and therefore qualifies as an "accredited investor":

(A) the undersigned is a natural person who has individual income in excess of $200,000 in each of the two most recent years, or joint income with that person's spouse in excess of $300,000 in each of these years, and has a reasonable expectation of reaching the same income level in the current year; or

(B) the undersigned is a natural person whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes

of calculating such net worth: (1) the undersigned's primary residence shall not be included as an asset; (2) indebtedness that is secured by the undersigned's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the undersigned's acquisition of an Interest, shall not be included as a liability; *provided, however*, that if the amount of such indebtedness outstanding at the time of the closing of the undersigned's acquisition of an Interest exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the undersigned takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the undersigned's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; or

(C) the undersigned is a corporation, business or other irrevocable trust, partnership or limited liability company with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Interests;

(D) the undersigned is a trust, with total assets over $5,000,000, not formed for the specific purpose of acquiring Interests, , whose purchase is directed by a "sophisticated person," as described in Rule 506(b)(2)(ii) of Regulation D under the Securities Act;

(E) the undersigned is: (1) a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended; (2) an insurance company; (3) an investment company registered under the Investment Company Act of 1940, as amended, or a business development company (as defined in Section 2(a)(48) of the Investment Company Act of 1940, as amended); (4) a small business investment company licensed by the Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; (5) a private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended); or (6) a bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity, or any insurance company as defined in Section 2(13) of the Securities Act; or

(F) the undersigned is an entity in which all of the equity owners are accredited investors as defined above in subparagraph (A) or (B).

(vii) the undersigned is <u>not</u> purchasing the Interests on behalf of any tax-exempt entity, including but not limited to any qualified employee pension or profit sharing trust, any individual retirement account, Simple 401k plan, annuity or charitable remainder trust;

(viii) the undersigned's overall commitment to investments that are not readily marketable is not disproportionate to the undersigned's net worth and the undersigned's investment in the Interests will not cause the overall commitment to become disproportionate to the undersigned's net worth;

(ix) the undersigned has reached the age of majority, has adequate net worth and means of providing for the undersigned's current needs and personal contingencies, is able to bear the substantial economic risks of an investment in the Interests for an indefinite period of time, has no need for liquidity in such investment and, at the present time, could afford a complete loss of such investment;

(x) the undersigned has the requisite knowledge and experience in financial and business matters so as to enable the undersigned to use the information made available to evaluate the merits and risks of an investment in the Interests and to make an informed decision;

(xi) the undersigned is acquiring the Interests solely for his or her own account as principal, for investment purposes only and not with a view to the resale or distribution thereof in whole or in part, and no other person has a direct or beneficial interest in the Interests purchased by the undersigned;

(xii) the undersigned will not sell or otherwise transfer his or her Interests without complying with all applicable laws and fully understands and agrees that he or she must bear the economic risk of his or her purchase for an indefinite period of time because, among other reasons, the Interests may not be readily transferable; and

(xiii) the undersigned's assets have not been the subject of any proceeding under any matter relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors ("**Creditor Rights Laws**") during the ten (10) years prior to the date hereof, nor has the undersigned sought the protection of any Creditors Rights Laws during the ten (10) years prior to the date hereof. The foregoing representation with regard to this paragraph are also applicable to the undersigned's affiliates which the undersigned owns or controls, including any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association and any fiduciary acting in such capacity on behalf of any of the foregoing, and further including any such entity in which the undersigned or its affiliate is an officer or director.

(b) The undersigned recognizes that the purchase of the Interests involves a number of significant risks and other factors relating to the structure and objectives of the Seller as described in the Private Placement Memorandum under the heading "Risk Factors" and that there can be no assurance that the Seller will achieve its objectives. In addition, the undersigned acknowledges that:

(i) no federal or state agency has passed upon the adequacy of the information presented to the undersigned or made any finding or determination as to the fairness of this investment; and

(ii) there is no established market for the Interests and a public market for the Interests may never develop.

(c) **The undersigned understands that the Seller has not obtained a specific Private Letter ruling from the Internal Revenue Service ("IRS") addressing the treatment of the Interests in this Offering for income tax purposes, including but not limited to whether an Interest is "of like kind" to real estate for purposes of Section 1031 or is "similar or related in service or use" to involuntarily converted property of the undersigned for purposes of Internal Revenue Code section 1033 ("Section 1033"). In addition, the undersigned understands that the tax consequences of an investment in the Interests, especially the qualification of the transaction under Section 1031 or Section 1033 of the Code and the related rules, are complex and vary with the facts and circumstances of each individual. Therefore, the undersigned represents and warrants that he or she: (1) has independently obtained advice from legal counsel and/or accountants about a tax-deferred exchange under Section 1031 or a conversion under Section 1033 and applicable state laws, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange or involuntary conversion, and he or she relying on such advice; (2) understands that the Seller has not obtained a ruling from the IRS addressing the treatment of the Interests in this Offering for income tax purposes, including but not limited to whether an Interest is "of like kind" to real estate for purposes of Section 1031 or is "similar or related in service or use" to involuntarily converted property of the undersigned for purposes of Section 1033; (3) understands that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Section 1031 and the related Section 1031 exchange rules, or under Section 1033 and its underlying rules, are complex and vary with the facts and circumstances of each individual purchaser; and (4) understands that the opinion of Baker & McKenzie LLP, as special tax counsel to the Seller, is only Baker & McKenzie LLP's view of the anticipated tax treatment, and there is no guarantee that the IRS will agree with such opinion.**

(d) If the undersigned is purchasing the Interests in a representative or fiduciary capacity, e.g., serving as a qualified intermediary, the representations and warranties contained herein (and in any other written statement or document delivered to the Seller in connection herewith) shall be deemed to have been made on behalf of the person or persons for whom the Interests are being purchased.

(e) All information furnished to the Seller by the undersigned is correct and complete as of the date of this Purchase Agreement, and the undersigned will immediately furnish revised or corrected information to the Seller if there should be any material change in this information prior to the Seller completing the Offering.

(f) Within five days after receipt of a request from the Seller, the undersigned hereby agrees to provide such information and to execute and deliver such documents as may be reasonably necessary to comply with any and all laws and ordinances to which the Seller is subject.

(g) The undersigned has not distributed the Private Placement Memorandum to anyone other than his or her

advisors, if any, and no one other than the undersigned and his or her advisors, if any, has used the Private Placement Memorandum for any purpose.

(h) The foregoing representations, warranties and agreements, together with all other representations and warranties made or given by the undersigned to the Seller in any other written statement or document delivered in connection with the Offering shall be true and correct in all respects on and as of the date the purchase is accepted as if made on that date. If more than one person is signing this Purchase Agreement, each representation, warranty and undertaking herein shall be the joint and several representation, warranty and undertaking of each such person.

6. Additional Representations and Warranties – Section 1031 Exchanges. **The following additional representations and warranties apply only to those investors purchasing Interests as part of a Section 1031 tax-deferred exchange.**

(a) The undersigned hereby acknowledges, represents and warrants that:

(i) The undersigned's rights under this Purchase Agreement may be assigned to his, her or its qualified intermediary (the "**Qualified Intermediary**") for the purpose of completing a Section 1031 exchange.

(b) The Seller hereby acknowledges, represents and warrants that:

(i) It is the intent of the undersigned to effect a Section 1031 tax-deferred exchange, which will not delay the closing or cause additional expense to the Seller.

(ii) The Seller will cooperate with the undersigned and his, her or its Qualified Intermediary in a manner necessary to complete the Section 1031 tax-deferred exchange.

7. Additional Information. The undersigned hereby acknowledges and agrees that the Seller may make such further inquiry and obtain such additional information as it may deem appropriate with regard to the suitability of the undersigned.

8. Authorization. The undersigned releases to the Seller and those third party vendors retained to conduct credit and background evaluations in accordance with the questions contained in the Investor Questionnaire (the "**Vendors**") any information regarding the undersigned's employment status, bank account records, mortgage or other current or prior credit, collection accounts, rental history, state and federal tax liens, state and federal crimes, state and federal civil litigation and bankruptcy, and state and county UCC (Uniform Commercial Code) searches. As part of such authorization, the undersigned hereby authorizes the Seller's release of such information to the Vendors. This information is for the confidential use of the Seller and the Vendors only.

9. Indemnification. The undersigned agrees to indemnify and hold harmless the Seller and the Seller's Signatory Trustee and their respective officers, directors, employees, beneficiaries, trustees, and agents (the "**Indemnified Parties**") against any and all loss, liability, claim, damage and expense whatsoever (including reasonable attorneys' fees) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein, or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) incurred by the Indemnified Parties in investigating, preparing or defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the undersigned has furnished to any of the foregoing in connection with this transaction.

10. Irrevocability; Binding Effect. The undersigned hereby acknowledges and agrees that, except as provided under applicable state law and Section 3 of this Purchase Agreement, the purchase hereunder is irrevocable and may not be canceled, terminated or revoked and that this Purchase Agreement shall survive the death or disability of the undersigned and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns.

11. Modifications. Neither this Purchase Agreement nor any provision hereof shall be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge or

termination is sought.

12. Notices. Any notice, demand or other communication that any party hereto may be required, or may elect, or give to any other party hereunder shall be sufficiently given if: (1) deposited, postage prepaid, in a United States mailbox, stamped registered or certified mail, return receipt requested, or with an established and reputable overnight delivery service, addressed to SUN BELT MULTIFAMILY PORTFOLIO III DST, c/o Inland Private Capital Corporation, 2901 Butterfield Road, Oak Brook, Illinois 60523, Attn: Investor Services, or to the undersigned purchaser at the address set forth on the signature page of the Investor Questionnaire or such other address as the parties may agree; or (2) delivered personally at such address.

13. Counterparts; Signatures. This Purchase Agreement, the related Investor Questionnaire and supporting documents may be executed and delivered (including by facsimile transmission or portable document format (PDF)) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same Purchase Agreement, Investor Questionnaire or other document, as applicable.

14. Entire Agreement. This Purchase Agreement contains the entire agreement of the parties with respect to the subject matter hereof and there are no representations, covenants or other agreements except as stated or referred to herein. The undersigned acknowledges that it participated in, or had the meaningful opportunity to participate in, the negotiation and drafting of this Purchase Agreement. In the event an ambiguity or question of intent or interpretation arises, the undersigned agrees that this Purchase Agreement shall be construed to be the product of meaningful negotiations between the undersigned and the Seller, and no presumption or burden of proof shall arise favoring or disfavoring either one of them by virtue of the authorship of any of the provisions of this Purchase Agreement.

15. Severability. Each provision of this Purchase Agreement is intended to be severable from every other provision, and the invalidity or illegality of any portion hereof shall not affect the validity or legality of the remainder hereof.

16. Assignability. This Purchase Agreement is not transferable or assignable by the undersigned except to a qualified intermediary in the case of a Section 1031 tax-deferred exchange.

17. Applicable Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Illinois as applied to residents of that state executing contracts wholly to be performed in that state.

18. Choice of Jurisdiction. The undersigned agrees that any action or proceeding arising, directly, indirectly, or otherwise, in connection with, out of, or from this Purchase Agreement, and breach or threatened breach thereof, or any transaction covered hereby shall be resolved, whether by arbitration or otherwise, within the County of Cook, State of Illinois. The parties further agree that any such action for relief whatsoever in connection with this Purchase Agreement shall be commenced exclusively in the United States federal or state courts, or if possible before an arbitral body, located within the County of Cook, State of Illinois.

19. Reimbursement. If any action or other proceeding, other than arbitration, is brought to enforce this Purchase Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Purchase Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in the action or proceeding in addition to any other relief to which they may be entitled.

20. Certificates of Non-Foreign Status. Under penalties of perjury, the undersigned declares that, to the best of his or her knowledge and belief the following statements are true, correct and complete: (1) the undersigned is not a foreign person for purposes of U.S. income taxation (i.e., he or she is not a nonresident alien, nor executing this document as an officer of a foreign corporation, as a partner in a foreign partnership, or as a fiduciary of a foreign employee benefit plan, foreign trust or foreign estate); (2) that the following information contained elsewhere in the Purchase Agreement or the Investor Questionnaire is true, correct and complete: the U.S. taxpayer identification number (i.e., social security number), and the home address; and (3) that the undersigned agrees to inform the Seller promptly if the undersigned becomes a nonresident alien (in the case of an individual) or other foreign person (in the case of an entity) during the three years immediately following the date hereof.

21. Certification regarding Securities Laws. By signing below, the undersigned certifies that he or she has read and understands the following additional considerations:

The Interests have not been approved or disapproved by the Securities and Exchange Commission, or any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of the Private Placement Memorandum. Any representation to the contrary is unlawful. The Interests offered hereby are subject to investment risk, including the possible loss of principal.

[Remainder of the Page Intentionally Left Blank]

I (we) acknowledge and agree to all of the representations and warranties contained in this Purchase Agreement.

SELLER

Executed this ____ day of _____, 20___

SUN BELT MULTIFAMILY PORTFOLIO III DST, a Delaware Statutory Trust

By: Sun Belt Multifamily Portfolio III Exchange, L.L.C., a Delaware limited liability company

By: Inland Private Capital Corporation, a Delaware corporation

By: _____

Name: _____

BUYER

Executed this ____ day of _____, 20___
(Date must be completed.)

If a natural person:

Signature: _____

Name: _____

(If Joint Ownership: to be signed by joint owner.)

Signature: _____

Name: _____

If not a natural person:

Name of Trust/Entity: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

EXHIBIT A TO PURCHASE AGREEMENT

Legal Descriptions

[**SEE ATTACHED**]

EXHIBIT B

RENT ROLLS

(This page has been left blank intentionally.)

Rent Roll

Country Place AZ Multifamily DST

Christopher Todd Communities at Country Place located in Tolleson, Arizona

Tenant	Approx. Leased SF	Date of Lease Commencement	Date of Lease Expiration	Renewal Options	Annual Rent During Lease Term		Rent PSF
Country Place AZ Multifamily LeaseCo, L.L.C.	139,688	03/12/2020	120 Months	Automatic Extension [1]	**Base Rent:** [2]		
					2020 - 2030	$1,141,160	$8.17
					Additional Rent:	100% of Gross Income in excess of the Additional Rent Breakpoint. [3]	
					Maximum Additional Rent: [2, 3]		
					2020	$495,400	$3.55
					2021 - 2023	$495,500	$3.55
					2024	$497,500	$3.56
					2025 - 2026	$495,600	$3.55
					2027	$783,100	$5.61
					2028	$891,800	$6.38
					2029 - 2030	$928,800	$6.65
					Supplemental Rent:	90% of Gross Income in excess of the Supplemental Rent Breakpoint. [4]	

Residential Rentable Area [5]

Unit Floor Plan	% Units	No. Units	Average SqFt Per Unit	Total SqFt	Number Vacant	Number Occupied	Average Current Rent
1 BR / 1 BA	32.47%	50	668	33,400	2	48	$1,199
2 BR / 2 BA	67.53%	104	1,022	106,288	12	92	$1,522

Total Leasable SF **139,688**

[1] The term of the Master Lease will automatically extend beyond the Expiration Date, for so long as any obligation remains outstanding under any of the Loan Documents, and shall continue in full force and effect until all such obligations have been fully performed and satisfied. No additional documentation is required in connection with the automatic extension.

[2] Base Rent may be adjusted pursuant to Section 2.1(a) of the Master Lease Agreement, whereby the Additional Rent and Supplemental Rent Breakpoints will be equitably adjusted in connection with such adjustment and in a manner consistent with such adjustment.

[3] Additional Rent equals the amount by which gross income exceeds the Additional Rent Breakpoint up to the Additional Rent Maximum, on an annualized basis. The Additional Rent Maximum and Additional Rent Breakpoint are set according to Exhibit C to the Master Lease (such breakpoint being $2,354,000 for 2020 on an annualized basis).

[4] The Supplemental Rent Breakpoint is set according to Exhibit C to the Master Lease (such breakpoint being $2,849,400 for 2020 on an annualized basis).

[5] As of March 10, 2020.

Rent Roll

Marley Park AZ Multifamily DST

Christopher Todd Communities at Marley Park located in Surprise, Arizona

Tenant	Approx. Leased SF	Date of Lease Commencement	Date of Lease Expiration	Renewal Options	Annual Rent During Lease Term		Rent PSF
Marley Park AZ Multifamily LeaseCo, L.L.C.	154,150	Acquisition of the Marley Park Property and Funding of the Marley Park Loan	120 Months	Automatic Extension [1]	**Base Rent:** [2]		
					2020 - 2030	$1,142,403	$7.41
					Additional Rent:	100% of Gross Income in excess of the Additional Rent Breakpoint. [3]	
					Maximum Additional Rent: [2, 3]		
					2020 - 2021	$668,400	$4.34
					2022 - 2023	$668,500	$4.34
					2024	$670,400	$4.35
					2025 - 2026	$668,600	$4.34
					2027	$982,600	$6.37
					2028	$1,099,800	$7.13
					2029	$1,141,500	$7.41
					2030	$1,141,600	$7.41
					Supplemental Rent:	90% of Gross Income in excess of the Supplemental Rent Breakpoint. [4]	

Residential Rentable Area [5]

Unit Floor Plan	% Units	No. Units	Average SqFt Per Unit	Total SqFt	Number Vacant	Number Occupied	Average Current Rent
1 BR / 1 BA	36.99%	64	668	42,752	9	55	$1,204
2 BR / 2 BA	63.01%	109	1,022	111,398	20	89	$1,607

Total Leasable SF **154,150**

[1] The term of the Master Lease will automatically extend beyond the Expiration Date, for so long as any obligation remains outstanding under any of the Loan Documents, and shall continue in full force and effect until all such obligations have been fully performed and satisfied. No additional documentation is required in connection with the automatic extension.

[2] Base Rent may be adjusted pursuant to Section 2.1(a) of the Master Lease Agreement, whereby the Additional Rent and Supplemental Rent Breakpoints will be equitably adjusted in connection with such adjustment and in a manner consistent with such adjustment.

[3] Additional Rent equals the amount by which gross income exceeds the Additional Rent Breakpoint up to the Additional Rent Maximum, on an annualized basis. The Additional Rent Maximum and Additional Rent Breakpoint are set according to Exhibit C to the Master Lease (such breakpoint being $2,522,000 for 2020 on an annualized basis).

[4] The Supplemental Rent Breakpoint is set according to Exhibit C to the Master Lease (such breakpoint being $3,190,400 for 2020 on an annualized basis).

[5] As of March 5, 2020.

Rent Roll

Space Coast Multifamily DST

Centre Pointe Apartments located in Melbourne, Florida

Tenant	Approx. Leased SF	Date of Lease Commencement	Date of Lease Expiration	Renewal Options	Annual Rent During Lease Term		Rent PSF
Space Coast Multifamily LeaseCo, L.L.C.	240,296	Acquisition of the Space Coast Property and Funding of the Space Coast Loan	120 Months	Automatic Extension [1]	**Base Rent:** [2]		
					2020 - 2030	$2,005,805	$8.35
					Additional Rent:	100% of Gross Income in excess of the Additional Rent Breakpoint. [3]	
					Maximum Additional Rent: [2, 3]		
					2020	$1,400,500	$5.83
					2021	$1,250,000	$5.20
					2022	$1,118,800	$4.66
					2023	$1,118,900	$4.66
					2024	$1,122,300	$4.67
					2025	$1,118,900	$4.66
					2026	$1,119,000	$4.66
					2027	$1,695,200	$7.05
					2028	$2,029,800	$8.45
					2029	$2,067,900	$8.61
					2030	$1,990,700	$8.28
					Supplemental Rent:	90% of Gross Income in excess of the Supplemental Rent Breakpoint. [4]	

Residential Rentable Area [5]

Unit Floor Plan	% Units	No. Units	Average SqFt Per Unit	Total SqFt	Number Vacant	Number Occupied	Average Current Rent
1 BR / 1 BA	1.85%	4	775	3,100	2	2	$1,595
1 BR / 1 BA	3.70%	8	823	6,584	0	8	$1,571
1 BR / 1 BA	20.37%	44	824	36,256	2	42	$1,511
1 BR / 1 BA	7.41%	16	825	13,200	0	16	$1,428
1 BR / 1 BA	16.67%	36	839	30,204	0	36	$1,477
1 BR / 1 BA	7.41%	16	840	13,440	0	16	$1,534
2 BR / 2 BA	13.89%	30	1,124	33,720	9	21	$1,908
2 BR / 2 BA	1.85%	4	1,150	4,600	0	4	$2,001
2 BR / 2 BA	23.15%	50	1,158	57,900	16	34	$1,927
2 BR / 2 BA	14.81%	32	1,254	40,128	1	31	$1,974
3 BR / 2 BA	14.81%	32	1,472	47,104	1	31	$2,044

Total Leasable SF **240,296**

[1] The term of the Master Lease will automatically extend beyond the Expiration Date, for so long as any obligation remains outstanding under any of the Loan Documents, and shall continue in full force and effect until all such obligations have been fully performed and satisfied. No additional documentation is required in connection with the automatic extension.

[2] Base Rent may be adjusted pursuant to Section 2.1(a) of the Master Lease Agreement, whereby the Additional Rent and Supplemental Rent Breakpoints will be equitably adjusted in connection with such adjustment and in a manner consistent with such adjustment.

[3] Additional Rent equals the amount by which gross income exceeds the Additional Rent Breakpoint up to the Additional Rent Maximum, on an annualized basis. The Additional Rent Maximum and Additional Rent Breakpoint are set according to Exhibit C to the Master Lease (such breakpoint being $4,236,000 for 2020 on an annualized basis).

[4] The Supplemental Rent Breakpoint is set according to Exhibit C to the Master Lease (such breakpoint being $5,636,500 for 2020 on an annualized basis).

[5] As of March 13, 2020.

EXHIBIT C

OPINION OF SPECIAL TAX COUNSEL

(This page has been left blank intentionally.)

Baker & McKenzie LLP

300 East Randolph Street, Suite 5000
Chicago, IL 60601
United States

Tel: +1 312 861 8000
Fax: +1 312 861 2899
www.bakermckenzie.com

March 18, 2020

Sun Belt Multifamily Portfolio III DST
c/o Inland Private Capital Corporation
2901 Butterfield Road
Oak Brook, Illinois 60523

Re: Sun Belt Multifamily Portfolio III DST

Ladies and Gentlemen:

Inland Private Capital Corporation, a Delaware corporation (the "Company") and Sun Belt Multifamily Portfolio III DST (the "Parent Trust") have retained Baker & McKenzie LLP, as special tax counsel, to address certain federal income tax consequences and render opinions on specific federal income tax issues in connection with the proposed transactions described in the Private Placement Memorandum for Interests in Sun Belt Multifamily Portfolio III DST (the "Memorandum"). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined have the meanings set forth in the Memorandum.

In formulating our opinion, we have reviewed the following documents: (i) the Memorandum; (ii) the Trust Agreements; (iii) the form Limited Liability Company Agreements accompanying the Trust Agreements; (iv) the Country Place Master Lease and drafts of the Marley Park Master Lease and the Space Coast Master Lease (together, the "Leases"); (v) the form of Investor Questionnaire & Purchase Agreement; and (vi) Loan Documents relating to the Country Place Loan and loan commitments relating to the Marley Park Loan and the Space Coast Loan (collectively, the "Transaction Documents"). We have also assumed that the representations set forth in the letter addressed to us and signed on behalf of the Company on March 18, 2020 (the "Representation Letter"), are true, complete, and correct in all respects as of the date hereof.

Based on our review of the Transaction Documents and the Representation Letter, it is our opinion that (i) the Parent Trust and the Operating Trusts should be treated as investment trusts described in Treasury Regulations Section 301.7701-4(c) that are classified as "trusts" under Treasury Regulations Section 301.7701-4(a),[1] (ii) the Investors, as Beneficial Owners in the Parent Trust, should be treated as "grantors" of the Parent Trust and the Operating Trusts; (iii) as "grantors," the Beneficial Owners should be treated as owning an undivided fractional interest in the Properties for federal income tax purposes; (iv) the Interests should not be treated as securities for purposes of Section 1031; (v) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Section 1031; (vi) the Leases should be treated as true leases and not financings for federal income tax purposes; (vii) the Leases should be treated as true leases and not deemed partnerships for federal income tax purposes; (viii) the discussions of the federal income tax

[1] All section references provided for herein refer to the Internal Revenue Code of 1986 (the "Code"), as amended, and the Treasury Regulations promulgated thereunder.

consequences contained in the Memorandum are correct in all material respects; and (ix) certain judicially created doctrines should not apply to change the foregoing conclusions.

Our opinion does not address, and should not be viewed as expressing any opinion concerning, whether the acquisition of an Interest will, in light of the facts and circumstances applicable to a specific Investor, constitute the acquisition of like-kind replacement property by any Investor in a transaction that qualifies for nonrecognition of gain or loss under Section 1031.

DISCUSSION

Section 1031(a)(1) provides that "[n]o gain or loss shall be recognized on the exchange of real property held for productive use in a trade or business or for investment if such real property is exchanged solely for real property of like kind which is to be held either for productive use in a trade or business or for investment." Nonrecognition treatment does not apply, however, if the interests in the property being exchanged are, *inter alia*, regarded as interests in a partnership, securities, or certificates of trust or beneficial interests.[2] Section 1031 does not expressly address the treatment of interests in a Delaware Statutory Trust ("DST").

The Internal Revenue Service (the "IRS") concluded in Revenue Ruling 2004-86[3] that, under the limited circumstances set forth therein, beneficial owners of a DST that in turn owns real estate will be treated as owning a direct interest in such real estate for purposes of the nonrecognition provisions of Section 1031. In order to reach this conclusion, the IRS determined that (i) the DST described therein will be treated as an investment trust under Treasury Regulations Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulations Section 301.7701-4(a), and (ii) the beneficial owners of the DST are "grantors" and, as such, are treated as owning direct interests in the DST's property for federal income tax purposes. We believe that the tax treatment of the Parent Trust, and the Operating Trusts held by the Parent Trust, and the Beneficial Owners (and the Interests that are the subject of the Offering) should be the same as the DST and its beneficial owners were treated in Revenue Ruling 2004-86 for federal income tax purposes.

---

[2] Code § 1031(a)(2)(C), (D), (E) (1984). On December 22, 2017, the Tax Cuts and Jobs Act (the "TCJA") was signed into law and significantly modified Section 1031 by limiting it to exchanges of real property not held primarily for sale. For exchanges completed after December 31, 2017, exchanges of personal property and intangible property do not qualify for a Section 1031 Exchange. Additionally, the TCJA eliminated specific language providing that exchanges of certain types of property (stock in trade or other property held primarily for sale; stocks, bonds, or notes, other securities, or evidences of indebtedness or interest; interests in a partnership; or certificates of trust or beneficial interests; or choses in action) are excluded from Section 1031. Although the specific language providing for the exclusion of interests in a partnership, securities, certificates of trust or beneficial interests has been eliminated from the statute, an analysis of these terms remains relevant to the analysis and conclusion set forth herein that the Beneficial Owners should be treated as owning real property for federal income tax purposes.

[3] 2004-2 C.B. 191.

Baker McKenzie.

I. The Parent Trust and the Operating Trusts should be treated as investment trusts described in Treasury Regulations Section 301.7701-4(c) that are classified as "trusts" under Treasury Regulations Section 301.7701-4(a).

The Parent Trust and the Operating Trusts should be classified as "trusts" under Treasury Regulations Section 301.7701-4(a) because each (i) should be recognized as an entity separate from the Beneficial Owners for federal income tax purposes, and (ii) should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c).

A. The Parent Trust and the Operating Trusts each should be recognized as an entity separate from the Beneficial Owners for federal income tax purposes.

Whether an organization is an entity separate from its owners for federal income tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law.[4] Thus, an entity formed under local law is not always recognized as a separate entity for federal income tax purposes.[5] When participants in a venture form a state-law entity and avail themselves of the benefits of that entity for a valid business purpose, however, the entity generally will be recognized for federal income tax purposes.[6]

An entity formed under state law that acts as a mere agent of its owners will not be treated as an entity separate from its owners for federal income tax purposes. In *Commissioner v. Bollinger*,[7] a corporation was treated as an agent of its owners where the corporation functioned merely as the nominal debtor and record title holder to mortgaged property. The shareholders entered into an agreement providing that (i) the corporation would hold title to the property as the shareholders' nominee and agent solely to secure financing, (ii) the shareholders had sole control and responsibility for the mortgaged property, and (iii) the shareholders were the principals and owners of the property during its financing, construction, and operation. The Supreme Court held that the shareholders, rather than the corporation, were the owners of the property because the relationship between the shareholders and the corporation was, in both form and substance, an agency with the shareholders as principals.

Similarly, the IRS concluded in Revenue Ruling 92-105[8] that an Illinois land trust was not to be treated as an entity separate from its owner for federal income tax purposes. A single taxpayer created an Illinois land trust and named a domestic corporation as trustee. The taxpayer transferred legal and equitable title to real property to the trust, subject to the provisions of an accompanying land trust agreement. Under the agreement, the taxpayer (i) retained exclusive control of the management, operation, rental, and sale of the real property, together with an exclusive right to the earnings and proceeds from the real property, and (ii) was required to file all tax returns, pay all taxes, and satisfy any other

---

4 Treas. Reg. § 301.7701-1(a)(1).
5 Treas. Reg. § 301.7701-1(a)(3).
6 *See Moline Properties, Inc. v. Comm'r*, 319 U.S. 436 (1943).
7 485 U.S. 340 (1988).
8 1992-2 C.B. 204.

liabilities with respect to the real property. Under Illinois law, there is no limitation on liability of a beneficiary of an Illinois land trust. Because the trustee's only responsibility was to hold and transfer title to the property at the direction of the beneficiary, and because the beneficiary retained the direct obligation to pay liabilities and taxes related to the property, the right to manage and control the property, as well as any liability with respect to the property, the IRS concluded that the Illinois land trust could not rise to the level of an "entity" separate from the beneficial owner for federal income tax purposes.

In contrast, the IRS concluded in Revenue Ruling 2004-86[9] that the DST described therein was an entity that should be recognized as separate from its owners for federal income tax purposes. The IRS did so by looking to the powers, limitations and benefits that Delaware law accords to a DST and its beneficial owners. Under Delaware law, creditors of a beneficial owner in a DST may not assert claims directly against the property held by a DST; they can seek payment only from the beneficial owner herself. The property of a DST is subject to attachment and execution with respect to liabilities of the DST as if the DST were a corporation. A DST may sue or be sued. The beneficial owners of a DST are entitled to the same limitation on personal liability stemming from actions of a DST that is extended to stockholders of a corporation organized under Delaware law. A DST may merge or consolidate with or into one or more statutory entities or other business entities. Lastly, a DST can be formed for investment purposes. These powers and privileges afforded to a DST and the beneficial owners thereof, as well as the purpose of a DST, led the IRS to conclude that a DST is an entity separate from its owners for federal income tax purposes.[10]

Based on the authorities discussed above, the Parent Trust and the Operating Trusts each should be recognized as an entity separate from the Beneficial Owners. The Parent Trust and the Operating Trusts should not be viewed merely as agents of the Beneficial Owners because, unlike the trusts in *Bollinger* and Revenue Ruling 92-105, the Beneficial Owners have no right or power to direct in any manner the actions of the Trustees in connection with the operation of the Parent Trust or the Operating Trusts.[11] Additionally, the Trust Agreements require the Trustees to cause the Parent Trust and the Operating Trusts to (i) observe statutory formalities with respect to the administration of the Parent Trust and the Operating Trusts and in the conduct of the Parent Trust's and the Operating Trusts' activities, and (ii) prepare separate financial statements and, if any of the Parent Trust or the Operating Trusts are not treated for federal, state or local income tax purposes as a disregarded entity, file its tax returns, if any, separate from those of any other Person (as defined in the Trust Agreements), and not file consolidated tax returns with any other Person except to the extent required by law to file such consolidated tax returns.[12] These requirements and prohibitions evidence an intent that the Parent Trust and the Operating Trusts be engaged in activities on their own behalf rather than as an agent of the Beneficial Owners. Lastly, because each of the Parent Trust and the Operating Trusts is organized as a DST, the Beneficial Owners may avail themselves only of the limited powers and privileges afforded to a beneficial owner under Delaware law. Accordingly, each of the Parent Trust and the Operating Trusts should be recognized for federal income tax purposes

---

9 2004-2 C.B. 191.
10 *Id*. (citing to Del. Code Ann. Title 12, §§ 3801-3824).
11 *See* Trust Agreements at §§ 5.02 & 5.04.
12 *See* Trust Agreements at § 2.05.

Baker McKenzie.

as an entity separate from the Beneficial Owners.

B. The Parent Trust and the Operating Trusts should be treated as investment trusts described in Treasury Regulations Section 301.7701-4(c).

A trust arrangement generally will be classified as a "trust" rather than another form of business entity for federal income tax purposes if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of a business for profit.[13] A trust with a single class of ownership interests that provides no power to vary the investments of the trust is classified as an investment trust that is treated as a "trust" for federal income tax purposes.[14] A trust with multiple classes of ownership interests that otherwise meets the description of an investment trust also will be classified as a "trust" for federal income tax purposes if the existence of multiple classes of ownership interests is incidental to the purpose of facilitating the direct investment in the trust's assets.[15] As discussed in greater detail below, the Parent Trust and the Operating Trusts should be treated as investment trusts described in Treasury Regulations Section 301.7701-4(c) that are classified as "trusts" under Treasury Regulations Section 301.7701-4(a).

1. No power exists under the Trust Agreements for the Trustees to vary the investments of the Parent Trust or the Operating Trusts.

The courts and the IRS have considered the extent to which the powers granted under a trust arrangement exceed those required simply to protect and conserve property for the benefit of the beneficiaries. Two opinions issued by the Second Circuit on the same day generally are viewed as the leading judicial guidance on the distinction between a trust arrangement that meets the description of an investment trust and a trust arrangement granting the power to vary the investments held therein. Additionally, the IRS has issued several revenue rulings, the most relevant being Revenue Ruling 2004-86, that distinguish the limited arrangements that would constitute an investment trust from a broader grant of powers that prohibits classification as a "trust." In all material respects, we believe that the powers granted to the Trustees in the Trust Agreements are consistent with the limited scope of powers applicable to an investment trust described in Treasury Regulations Section 301.7701-4(c).

---

13 Treas. Reg. § 301.7701-4(a).
14 Treas. Reg. § 301.7701-4(c)(1).
15 *Id*.

Baker McKenzie.

a. Authorities.

(i) Case Law.

In *Commissioner v. Chase National Bank*,[16] the court addressed whether a state-law trust arrangement should be classified as a "trust" for federal income tax purposes. In that case, the depositor purchased shares of the common stock of several corporations and made up "units" consisting of a number of shares of the common stock of each corporation. The "units" were deposited in a trust, and then certificates in the trust were sold to investors. The trustee was vested with all of the rights of ownership of the shares except that the depositor controlled the voting rights of the shares and the trust instrument governed and restricted the disposal of the shares. Under the terms of the trust instrument, property deposited into the trust was held until some disposition of it was made consistent with the terms of the trust instrument. Further, distributions of currently available funds were required. No purchases were to be made by the trustee by way of reinvestment of funds or otherwise. The Second Circuit found that the trust instrument "prevented the trusts from being, or becoming, more than what are sometimes called strict investment trusts." The court concluded that the trust required "that the trust property was to be held for investment and not to be used as capital in the transaction of business for profit like a corporation organized for such a purpose. This distinction is what makes the difference tax-wise."[17]

In another opinion released on the same day as *Chase National Bank*, the Second Circuit reached a different result. In *Commissioner v. North American Bond Trust*,[18] the court recognized that, although the trust arrangement in the instant case was similar to the trust in *Chase National Bank*, the trust instrument in the instant case was slightly different because it provided the depositor with the power "in effect to change the investment of certificate holders at his discretion."[19] In making up new units, the depositor was not confined to the same bonds he had selected for the previous units. Additionally, the bonds of all units constituted a single pool in which each certificate holder shared according to his proportion of all the certificates issued. As a result, the money from new investors could be used to purchase new bond issues that would in turn reduce the existing certificate holders' interests in the old bond issues. The depositor thus could take advantage of market variations in a manner that could improve the investment of the original investors through dilution of the original investment. Based on these facts, the court held that the depositor "had power, though a limited power, to vary the existing investments of all certificate holders at will…"[20] and, accordingly, that the trust was treated as taxable as an association rather than as a fixed investment trust.

---

16 122 F. 2d 540 (2d Cir. 1941).
17 *Id.* at 543.
18 122 F.2d 545 (2d Cir. 1941), *cert. denied,* 314 U.S. 701 (1942).
19 *Id.* at 546.
20 *Id*.

Baker McKenzie.

(ii) Revenue Ruling 2004-86.

The analyses and conclusions of the IRS in Revenue Ruling 2004-86 are consistent with the Second Circuit's holdings in the cases discussed above. Revenue Ruling 2004-86 considered the situation in which an individual (John) borrowed money from an unrelated lender (Bank) and signed a 10-year, interest-bearing nonrecourse note. John then used the proceeds of the loan to purchase rental real property, Blackacre, which was the sole collateral for the loan from the Bank. Immediately thereafter, John "net" leased the property to Mary for a term of 10 years.[21] Under the terms of the lease, Mary was required to pay all taxes, assessments, fees or other charges imposed on Blackacre by federal, state or local authorities. In addition, Mary was required to pay all insurance, maintenance, ordinary repairs and utilities relating to Blackacre. Mary was free to sublease Blackacre to anyone she chose. The rent paid by Mary to John was a fixed amount that could be adjusted by a formula described in the lease agreement that was based upon a fixed rate or an objective index, such as an escalator clause based upon the Consumer Price Index, but adjustment to the rate or index was not within the control of any of the parties to the lease. The rent paid by Mary was not contingent upon Mary's ability to lease the property or on her gross sales or net profits derived from Blackacre.[22]

On the same date that John acquired Blackacre and leased it to Mary, John also formed a trust under Delaware law to which he contributed fee title to Blackacre after entering into the loan with the Bank and the lease with Mary. Upon contribution, the trust assumed John's rights and obligations under the loan from the Bank as well as under the lease with Mary. In accordance with the nonrecourse nature of the note, neither the trust nor any of its beneficial owners were personally liable to the Bank for the loan, which continued to be secured by Blackacre. The agreement provided that interests in the trust were freely transferrable; however, interests in the trust were not publicly traded on an established securities market. The trust would terminate on the earlier of 10 years from the date of its creation or the disposition of Blackacre, but would not terminate on the bankruptcy, death or incapacity of any owner, or the transfer of any right, title or interest of the beneficial owners, of the trust.

The trust agreement authorized the trustee to engage in only those activities central to the collection, investment, and distribution of income arising from Blackacre. The trust agreement authorized the trustee to use trust funds to establish a reasonable reserve to pay expenses incurred in connection with holding Blackacre. The trustee was required to distribute on a quarterly basis all available cash less such reserves to each beneficial owner in proportion to their respective interests in the trust. The trustee was required to invest cash received from Blackacre between each quarterly distribution and all cash reserves in short-term obligations, i.e., maturing prior to the next quarterly distribution date, of (or

---

[21] The ruling does not indicate whether John is related to Mary, but given that the ruling states that Mary is not related to persons described in the ruling other than John, it can be assumed that she is related to him.

[22] Although the lease from John to Mary is described in Revenue Ruling 2004-86 as a "net" lease, it is not clear whether the lessor or the lessee would be required to make capital improvements or major repairs to the property. Thus, the lease might be "double net," in which the lessor remains liable for certain capital improvements and repairs (such as repairs to the roof) instead of a "triple net" lease in which the lessee is responsible for the property in all events.

guaranteed by) the United States or any agency or instrumentality thereof, and in certificates of deposit of any bank or trust company having a minimum stated surplus and capital. The trustee was required to hold such obligations until maturity. In addition to the right to a quarterly distribution of cash, each beneficial owner had the right to an in-kind distribution of its proportionate share of the property of the trust.

The trust agreement prohibited the trustee from engaging in activities beyond the scope of the collection, investment, and distribution of income arising from Blackacre. The trustee could not exchange Blackacre for other property, purchase assets other than the short-term investments described above or accept additional contributions of assets (including money) for the trust from the beneficiaries. The trustee could not renegotiate the terms of the debt used to acquire Blackacre and could not renegotiate the lease with Mary or enter into leases with tenants other than Mary, except in the case of Mary's bankruptcy or insolvency.[23] In addition, the trustee could make only minor non-structural modifications to Blackacre, unless otherwise required by law. The trust agreement further provided that the trustee could engage in ministerial activities to the extent required to maintain and operate the trust under local law. In addition, the trustee could not enter into a written agreement with John or indicate to third parties that the trustee (or the trust) is his agent.

Immediately after John contributed his interest in Blackacre to the trust, he conveyed his entire interest in the trust to Dan and Michelle in exchange for interests in Whiteacre and Greenacre, respectively. Dan and Michelle were not related to the Bank or Mary (the lessee of Blackacre), and neither the trustee nor the trust was an agent of Dan or Michelle. Dan and Michelle desired to treat their acquired interests in the trust as replacement property pursuant to a Section 1031 like-kind exchange for their relinquished properties, Whiteacre and Greenacre, respectively.

Neither the trust nor the trustee entered into a written agreement with John, Dan or Michelle creating an agency relationship, and, in dealings with third parties, neither the trust nor the trustee represented itself as an agent of John, Dan or Michelle.

To determine whether the trust arrangement qualified as an investment trust classified as a "trust" for federal income tax purposes, the IRS examined whether the trust agreement granted the power to vary the investment of the trust's beneficial interest holders. Because the duration of the trust was the same as the duration of the loan and the lease that were assumed by the trust at the time of its formation, the financing and leasing arrangements of the trust and its assets (Blackacre) were fixed for the entire life of the trust. Furthermore, the trustee was permitted to invest only in short-term obligations that mature prior to the next quarterly distribution date and was required to hold these obligations until maturity. Because the trust agreement required that (i) any cash from Blackacre, and any cash earned on short-term obligations held by the trust between distribution dates, be distributed quarterly, (ii) no cash could be contributed to the trust by the beneficiaries, (iii) the trust

[23] Revenue Ruling 2004-86, in its statement of facts, expressly provides that "[t]he trustee may not renegotiate the terms of the debt used to acquire [the property] and may not renegotiate the lease with [the master tenant] or enter into leases with tenants other than [the master tenant], except in the case of [the master tenant's] bankruptcy or insolvency." We believe the correct interpretation of this provision is that the exception applies to renegotiating the financing as well as new leases.

Baker McKenzie.

could not borrow any additional money, and (iv) the disposition of Blackacre would result in the termination of the trust, the IRS concluded that there was no possibility of the reinvestment of money under the trust agreement.

In the Revenue Ruling's analysis, the IRS emphasized that the trustee's activities were limited to the collection and distribution of income. The trustee could not exchange Blackacre for other property, purchase assets other than short-term investments, or accept any additional contributions of assets (including money) for the trust. The trustee could not renegotiate the terms of the debt used to acquire Blackacre and could not renegotiate the lease with Mary or enter into leases with tenants other than Mary, except in the case of her bankruptcy or insolvency. In addition, the trustee could make only minor non-structural modifications to its property except to the extent required by law. The IRS observed that the trustee had none of the powers that would indicate an intent to carry on a profit-making business. Accordingly, the IRS concluded that the trustee had no power to vary the investment of the beneficiaries of the trust, which is consistent with the description of an investment trust classified as a "trust" for federal income tax purposes.

The IRS expressly warned in Revenue Ruling 2004-86 that the trust arrangement would not have qualified as an investment trust, and therefore would not have been classified as a "trust," if the trustee had been given the power to do one or more of the following:

- dispose of Blackacre and acquire new property;
- renegotiate the lease with Mary;
- enter into leases with a tenant other than Mary (except in the case of Mary's bankruptcy or insolvency);
- renegotiate the obligation used to purchase Blackacre (except in the case of Mary's bankruptcy or insolvency);
- receive capital contributions from the investors;
- invest cash received to profit from market fluctuations; or
- make more than minor non-structural modifications to Blackacre that were not required by law.

Thus, it is not sufficient that the trustee never takes any of the actions described above – the trustee must lack the power to undertake those actions. This aspect of Revenue Ruling 2004-86 is consistent with the case law in which a trust is classified in accordance with the powers that the trustee has under the trust agreement without regard to what actions, if any, the trustee has performed other than to conserve and protect the property of the trust.

Baker McKenzie.

(iii) Other Revenue Rulings.

The IRS also addressed the classification of trust arrangements in several other revenue rulings. Revenue Ruling 75-192[24] involved a trust agreement that required the trustee to invest cash on hand between quarterly distribution dates only in specified short-term obligations maturing prior to the next distribution date and required to hold such obligations until maturity. The IRS concluded that, because the restrictions on the types of permitted investments limited the trustee to a fixed return similar to that earned on a bank account and eliminated any opportunity to profit from market fluctuations, the power to invest in such assets was not a power to vary the trust's investments.

Similarly, the IRS classified the trust arrangement described in Revenue Ruling 79-77,[25] which was formed to hold real property, as a "trust" for federal income tax purposes. The beneficiaries were required to approve all agreements entered into by the trustee and they were personally liable for the debts of the trust. The beneficiaries directed the trustee to enter into a 20-year lease that required the tenant to pay all taxes, assessments, fees, or other charges imposed on the property by federal, state, or local authorities. In addition, the tenant paid all insurance, maintenance, repairs, and utilities relating to the property. The trustee could determine whether to allow the tenant to make minor nonstructural alterations to the real estate, but only if the alterations would protect and conserve the property or were required by law. The trustee was empowered to institute legal or equitable actions to enforce any provisions of the lease. The trust would terminate on the sale of substantially all of its assets or upon unanimous agreement of the beneficiaries. Based upon the above, the IRS classified the trust arrangement described in Revenue Ruling 79-77 as a "trust" for federal income tax purposes.

In contrast, the IRS concluded that the trust arrangement described in Revenue Ruling 78-371[26] was classified as a business entity rather than a "trust." Unlike the trust arrangement described in Revenue Ruling 79-77 that restricted the trustee to dealing with a single piece of property subject to a net lease, the trust arrangement in Revenue Ruling 78-371 expressly authorized the trustees to purchase and sell contiguous or adjacent real estate, to accept or reject certain contributions of contiguous or adjacent real estate, and to raze or erect any building or other structure or make any improvements to the land contributed to the trust. The trustees were also empowered to borrow money and to mortgage and lease the trust property. The IRS concluded in Revenue Ruling 78-371 that the trustee's power to engage in extensive real estate operations and to reinvest the sales proceeds in financial products indicated that the trust arrangement was not formed merely to protect and conserve the trust's property and, thus, ruled that the trust was taxable as a business entity treated as a corporation.

---

[24] 1975-1 C.B. 384.
[25] 1979-1 C.B. 448.
[26] 1978-2 C.B. 344.

Baker McKenzie.

The existence of a power to sell trust assets does not always give rise to a power to vary the trust's investments.[27] The courts and the IRS have concluded that even though a trustee may possess the power to sell trust assets under certain limited circumstances, such a trust arrangement can still qualify as an investment trust classified for federal income tax purposes as a "trust."[28] These authorities have clarified that, instead of the mere power to sell trust assets, it is the ability of the trustee to substitute new investments in order to take advantage of variations in the market that prohibit a trust arrangement from being treated as an investment trust classified as a "trust" for federal income tax purposes.

b. The Parent Trust Agreement.

The powers and authority granted to the Parent Signatory Trustee, Beneficial Owners, and the Parent Trust in the Parent Trust Agreement fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." The Parent Trust Agreement authorizes the Parent Signatory Trustee to (a) acquire, own, conserve, protect, operate and sell the Trust Property (as defined in the Parent Trust Agreement), (b) enter into or assume and comply with the terms of the Loan Documents (as defined in the Parent Trust Agreement) and any other Transaction Documents, (c) collect rent and make distributions thereof, (d) enter into any agreements for purposes of completing tax-free exchanges of real property with a qualified intermediary pursuant to Section 1031, (e) notify the relevant parties of any defaults under the Transaction Documents, (f) solely to the extent necessitated by the bankruptcy or insolvency of a tenant, renegotiate the Leases or enter into new leases, or renegotiate or refinance any debt secured by the Properties, (g) take actions required pursuant to the termination provisions of the Parent Trust Agreement and (h) take any other action that, in the reasoned opinion of tax counsel, should not have an adverse effect on the Parent Trust's status as a fixed investment trust within the meaning of Treasury Regulations Section 301.7701-4(c), or each Beneficial Owner's status as a "grantor" within the meaning of Section 671.[29] Additionally, the Parent Trust Agreement expressly denies the Parent Signatory Trustee any power or authority to take an action that would "vary the investment of the certificate holders" (i.e., cause the Parent Trust to cease to be an investment trust described in Treasury Regulations Section 301.7701-4(c)).[30] Furthermore, the Parent Trust Agreement expressly prohibits the Parent Signatory Trustee from exercising any of the enumerated powers that are prohibited under Revenue Ruling 2004-86.[31] Finally, as noted above, the Beneficial Owners generally have no right or power to make decisions for or to operate or manage the Parent Trust.[32]

We believe that the material provisions of the Parent Trust Agreement that are not included in the trust arrangement described in Revenue Ruling 2004-86 are consistent with treating the Parent Trust as an investment trust. These provisions include, but are not limited to: (i)

---

27 *Id*.

28 *See Comm'r v. N. Am. Bond Trust*, 122 F.2d 545 (2d Cir. 1941), *cert denied* 314 U.S. 701 (1941); *Pennsylvania Co. for Insurances on Lives and Granting Annuities v. U.S.*, 146 F.2d 392 (3d Cir. 1944); *see also* Rev. Rul. 78-149, 1978-1 C.B. 448; Rev. Rul. 73-460, 1973-2 C.B. 425.

29 *See* Parent Trust Agreement at § 7.02.

30 *See* Parent Trust Agreement at § 7.03.

31 *Id*.

32 *See* Parent Trust Agreement at § 5.04.

Baker McKenzie.

the power to sell the Parent Trust's corpus; and (ii) the potential termination of the Parent Trust through any event that would cause a Transfer Distribution.

The power granted under the Parent Trust Agreement to sell the Trust Property should not be viewed as a power to vary the Parent Trust's investments. Immediately after a sale of the Trust Property (as defined in the Parent Trust Agreement), the sales proceeds must be distributed to the Beneficial Owners and the Parent Trust will terminate.[33] The Parent Signatory Trustee does not have the power to purchase replacement investments with the proceeds from the sale of the Trust Property.[34]

The sale of the Trust Property under these circumstances is consistent with the objective of achieving an investment return on the assets comprising the initial trust estate when the Beneficial Owners acquired their interests therein. Because the sales proceeds cannot be reinvested by the Parent Signatory Trustee, the Parent Trust Agreement does not confer the power to "better" the investments in the Parent Trust by taking advantage of market variations. The assets that can be held by the Parent Trust are restricted to the Operating Trusts and the cash reserves that accumulate between monthly distributions.[35] All cash reserves will be invested only in the types of debt instruments expressly permitted under Revenue Ruling 2004-86.[36] Accordingly, providing the Parent Signatory Trustee with the discretion concerning the timing and amount of the sale of the Operating Trusts should not prevent the Parent Trust from being treated as an investment trust that is classified as a "trust" for federal income tax purposes.

Although no direct authority exists regarding the use of a Transfer Distribution in connection with a fixed investment trust, we believe the Transfer Distribution as used in the Parent Trust Agreement is consistent with treating the Parent Trust as a fixed investment trust for federal income tax purposes. We believe that the events that would cause a Transfer Distribution are not in any way expected or viewed as likely to occur, which supports the passive and fixed nature of the Parent Trust. Moreover, the Parent Trust has represented that no Transfer Distribution is currently intended or anticipated and that to the knowledge of the Parent Depositor, Parent Trust, and Parent Signatory Trustee, an event which would cause a Transfer Distribution with respect to any of the assets of the Parent Trust is not expected and that it is the belief of the Parent Depositor, Parent Trust and Parent Signatory Trustee that the occurrence of such an event would be unanticipated.

Although distinctions exist between the Parent Trust Agreement and the trust arrangement described in Revenue Ruling 2004-86, we believe these distinctions are not material. These distinctions include, but are not limited to: (i) the ongoing role of the Company or its affiliate as a Parent Signatory Trustee functioning in a role similar to a trust manager; (ii) the Parent Trust's potential acceptance of multiple contributions over time, rather than through a single contribution; and (iii) the conversion of the Parent Trust for tax purposes from a disregarded entity into an investment trust prior to the admission of purchasers. We believe that, like the material provisions discussed above, these provisions are consistent

---

33 *See* Parent Trust Agreement at §§ 9.01 & 9.03.
34 *See* Parent Trust Agreement at § 5.03
35 *See* Parent Trust Agreement at §§ 2.03, 2.04 & 4.02; *see also* recitals to the Parent Trust Agreement.
36 *See* Parent Trust Agreement at § 4.02.

with, rather than contrary to, the analysis in Revenue Ruling 2004-86 for the reasons set forth below.

First, the Parent Signatory Trustee's ongoing role as trust manager should not be viewed as inconsistent with the analysis in Revenue Ruling 2004-86 or the case law because the Parent Signatory Trustee's powers are limited to the powers and authority that may be exercised by a trustee of a fixed investment trust.

Second, the Parent Trust's acceptance of multiple contributions over time should not be viewed as raising additional capital (which is prohibited under Revenue Ruling 2004-86) because the capital of the Parent Trust is not increasing. Rather, the proceeds of the additional closings must be distributed to the Company. Further, the fact that 100% of the Interests may be sold in multiple closings rather than in a single closing is driven by practical considerations and does not provide a basis for distinguishing a trust from a partnership. In addition, because the terms and structure of the Offering are fixed, the additional contributions do not enable the Parent Trust to benefit from market fluctuations over time.

Third, prior to conversion, the Parent Trust is not recognized as an entity separate from the Company (or its Affiliate) for federal income tax purposes.[37] Accordingly, the conversion feature of the Parent Trust from a disregarded entity to a fixed investment trust should be viewed on its own as a mere formation of the Parent Trust as a fixed investment trust in a manner that is not inconsistent with the analysis under Revenue Ruling 2004-86.

Because none of these provisions permit the Parent Signatory Trustee to vary the investments of the Parent Trust in a manner that results in the Beneficial Owners improving their investment results based on variations in the market, we believe they are consistent with treating the Parent Trust as a fixed investment trust.

c. The Operating Trust Agreements.

The powers and authority granted to the Operating Signatory Trustees, Beneficial Owners, and the Operating Trusts in the Operating Trust Agreements fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." The Operating Trust Agreements authorize the Operating Signatory Trustees to (a) acquire, own, conserve, protect, operate and sell the Trust Property (as defined in the Operating Trust Agreement); (b) enter into or assume and comply with the terms of the Leases, the Loan Documents (as defined in the Operating Trust Agreements), and any other Transaction Documents (as defined in the Operating Trust Agreements); (c) collect rent and make distributions thereof; (d) enter into any agreements for purposes of completing tax-free exchanges of real property with a qualified intermediary pursuant to Section 1031; (e) notify the relevant parties of any defaults under the Transaction Documents; (f) solely to the extent necessitated by the bankruptcy or insolvency of a tenant, renegotiate the Leases or enter into new Leases, or renegotiate or refinance any debt secured by the Properties; (g) enter into management agreements with the Operating Signatory Trustees;

[37] *See* Parent Trust Agreement at § 5.01(b).

(h) take all actions required pursuant to the termination provisions of the Operating Trust Agreements; (i) consenting to the exercise of any right held by the applicable Lender, or to any proposed modification of any agreement affecting the Properties (other than the Master Lease); provided, however, that any such right or obligation to the extent it exists may only be exercised to maintain the value of the Trust Property; and (j) take any other action that, in the reasoned opinion of tax counsel, should not have an adverse effect on the Operating Trusts' status as fixed investment trusts within the meaning of Treasury Regulations Section 301.7701-4(c), or each Beneficial Owner's status as a "grantor" within the meaning of Section 671.[38] Additionally, the Operating Trust Agreements expressly deny the Operating Signatory Trustees any power or authority to take an action that would "vary the investment of the certificate holders" (i.e., cause the Operating Trusts to cease to be investment trusts described in Treasury Regulations Section 301.7701-4(c)).[39] Furthermore, the Operating Trust Agreements expressly prohibit the Operating Signatory Trustees from exercising any of the enumerated powers that are prohibited under Revenue Ruling 2004-86.[40] Finally, as noted above, the Beneficial Owners generally have no right or power to make decisions for or to operate or manage the Operating Trusts.[41]

We believe that the material provisions of the Operating Trust Agreements that are not included in the trust arrangement described in Revenue Ruling 2004-86 are consistent with treating the Operating Trusts as investment trusts. These provisions include, but are not limited to: (i) the power to sell the Operating Trusts' corpus; and (ii) the potential termination of the Operating Trusts through any event that would cause a Transfer Distribution.

The power granted under the Operating Trust Agreements to sell the Properties should not be viewed as a power to vary the Operating Trusts' investments. Immediately after a sale of the Properties, the sales proceeds must be distributed to the Beneficial Owners and the Operating Trusts will terminate.[42] The Operating Signatory Trustees do not have the power to purchase replacement real estate investments with the proceeds from the sale of the Properties.[43]

---

38 *See* Operating Trust Agreements at § 7.02.
39 *See* Operating Trust Agreements at § 7.03.
40 *Id*.
41 *See* Operating Trust Agreements at § 5.04.
42 *See* Operating Trust Agreements at §§ 9.01 & 9.03.
43 *See* Operating Trust Agreements at § 5.03

Baker McKenzie.

The sale of the Properties under these circumstances is consistent with the objective of achieving an investment return on the assets comprising the initial trust estate when the Beneficial Owners acquired their interests therein. Because the sales proceeds cannot be reinvested by the Operating Signatory Trustees, the Operating Trust Agreements do not confer the power to "better" the investments in the Operating Trusts by taking advantage of market variations. The assets that can be held by the Operating Trusts are restricted to the Properties, personal property necessary or incidental to ownership and operation of the Properties, and the cash reserves that accumulate between monthly distributions.[44] All cash reserves will be invested only in the types of debt instruments expressly permitted under Revenue Ruling 2004-86.[45] Accordingly, providing the Operating Signatory Trustee with the discretion concerning the timing and amount of the sale of the Properties should not prevent the Operating Trusts from being treated as investment trusts that are classified as "trusts" for federal income tax purposes.

Although no direct authority exists regarding the use of a Transfer Distribution in connection with a fixed investment trust, we believe the Transfer Distribution as used in the Operating Trust Agreements is consistent with treating the Operating Trusts as fixed investment trusts for federal income tax purposes. We believe that the events that would cause a Transfer Distribution are not in any way expected or viewed as likely to occur, which supports the passive and fixed nature of the Operating Trusts. Moreover, the Parent Trust (on behalf of the Operating Trusts) has represented that no Transfer Distribution is currently intended or anticipated and that to the knowledge of the Parent Depositor, Parent Trust, the Operating Trusts, and Operating Signatory Trustees an event which would cause a Transfer Distribution with respect to any of the assets of the Operating Trusts is not expected. Additionally, the Parent Trust (on behalf of the Operating Trusts) has represented that it is the belief of the Parent Depositor, Parent Trust, the Operating Trusts, and Operating Signatory Trustees that the occurrence of a Transfer Distribution would be unanticipated.

Although distinctions exist between the Operating Trust Agreements and the trust arrangement described in Revenue Ruling 2004-86, we believe these distinctions are not material. These distinctions include, but are not limited to: (i) the ongoing role of the Company or its affiliate as an Operating Signatory Trustees functioning in a role similar to a trust manager; (ii) the Operating Trusts' potential acceptance of multiple contributions over time, rather than through a single contribution; and (iii) the conversion of the Operating Trusts for tax purposes from a disregarded entity into an investment trust prior to the admission of purchasers. We believe that, like the material provisions discussed above, these provisions are consistent with, rather than contrary to, the analysis in Revenue Ruling 2004-86 for the reasons set forth below.

First, the Operating Signatory Trustees' ongoing role as trust manager should not be viewed as inconsistent with the analysis in Revenue Ruling 2004-86 or the case law because the Operating Signatory Trustees' powers are limited to the powers and authority

---

[44] *See* Operating Trust Agreements at §§ 2.05 & 4.02; *see also* recitals to the Operating Trust Agreements.
[45] *See* Operating Trust Agreements at § 4.02.

Baker McKenzie.

that may be exercised by a trustee of a fixed investment trust.

Second, the Operating Trusts' potential acceptance of multiple contributions over time should not be viewed as raising additional capital (which is prohibited under Revenue Ruling 2004-86) because the capital of the Operating Trusts is not increasing. Rather, the proceeds of any such additional closings would be required to be distributed to the Company. Further, the fact that 100% of the Interests may be sold in multiple closings rather than in a single closing is driven by practical considerations and does not provide a basis for distinguishing a trust from a partnership. In addition, because the structure of the Offering is fixed, if there were any additional contributions such additional contributions would not enable the Operating Trusts to benefit from market fluctuations over time. Finally, although the Operating Trust Agreements are flexible in this regard, it is the intention of the parties that the Offering will only syndicate Interests in the Parent Trust to Investors (i.e., not beneficial interests in the Operating Trusts).[46]

Third, prior to conversion, the Operating Trusts are not recognized as entities separate from the Company or its affiliate for federal income tax purposes.[47] Accordingly, the conversion feature of the Operating Trusts from disregarded entities to fixed investment trusts should be viewed on its own as a mere formation of the Operating Trusts as fixed investments trust in a manner that is not inconsistent with the analysis under Revenue Ruling 2004-86.

Because none of these provisions permit the Operating Signatory Trustees to vary the investments of the Operating Trusts in a manner that results in the Beneficial Owners improving their investment results based on variations in the market, we believe they are consistent with treating the Operating Trusts as fixed investment trusts.

d. The Leases.

Under the terms of the Leases, each of the Master Tenants has the right, at such Master Tenant's cost and expense, to make structural and non-structural alterations and additions to the respective Property, provided that the Master Tenants shall provide the respective Operating Trust 30 days' advance written notice of any such alteration or addition that constitutes more than minor non-structural modifications to the respective Property.[48] However, unlike the Master Tenants, at any time that any of the Operating Trusts is a DST such Operating Trust shall not have the right, power or ability to make more than minor non-structural modifications to the applicable Property.[49] Under Revenue Ruling 2004-86, the trustee is prohibited from making more than minor non-structural modifications to the property. We believe, however, that the alteration rights provided to the Master Tenants under the Leases should not be attributed to the Operating Signatory Trustees and, therefore, are not inconsistent with treating the Operating Trusts as investment trusts for federal income tax purposes. The terms of the Leases do not provide the Operating Signatory Trustees with the unfettered power to make structural modifications to the applicable

---

46 *See* Operating Trust Agreements at § 2.06 (regarding the Offering DST (as defined in the Operating Trust Agreements)).

47 *See* Operating Trust Agreements at § 5.01(b).

48 *See* Leases at § 9.1(g).

49 *Id*.

Baker McKenzie.

Property; such alteration rights are held solely by the Master Tenants. Moreover, the cost of any such alterations or additions will be born solely by the Master Tenants, not the Operating Trusts. Although not free from doubt, we believe that the alteration rights provided to the Master Tenants under the Leases should not violate the intent and purpose of Revenue Ruling 2004-86 or the underlying cases and rulings governing whether the Trustees possess an impermissible right to vary the investments of the Parent Trust or the Operating Trusts.

II. The Investors, as Beneficial Owners in the Parent Trust, should be treated as "grantors" of the Parent Trust and the Operating Trusts.

A "grantor" of a trust includes any person that either creates a trust or directly or indirectly makes a gratuitous transfer of property, including cash, to a trust.[50] A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust.[51] The term "grantor" also includes any person who acquires an interest in a trust from a "grantor" of the trust if the interest acquired is an interest in an investment trust described in Treasury Regulations Section 301.7701-4(c).[52]

The Beneficial Owners will transfer cash to the Parent Trust in exchange solely for an interest therein. Because receiving an interest in the Parent Trust is not treated as the receipt of property, the Beneficial Owners should be treated as making a gratuitous transfer to the Parent Trust. Thus, the Beneficial Owners should be treated as "grantors" of the Parent Trust. Likewise, in light of the Operating Trusts' status as fixed investment trusts for federal income tax purposes, the Beneficial Owners should be treated as indirectly making gratuitous transfers to the Operating Trusts.

III. As "grantors," the Beneficial Owners should be treated as owning an undivided fractional interest in the Properties for federal income tax purposes.

A "grantor" that is treated as the owner of an undivided fractional interest of the assets in a trust under the provisions of subchapter J of the Code also is treated as owning an undivided fractional interest of such assets for all federal income tax purposes.[53] Sections 673 through 677 set forth rules for determining when the grantor or another person is treated as the owner of any portion of a trust.[54] Under Section 673, a grantor is treated as owning any portion of a trust in which the grantor has a reversionary interest in either the trust assets or the income therefrom if, as of the inception of that portion of the trust, the value of such interest exceeds 5% of the value of such portion. Under Section 677, a grantor is treated as the owner of any portion of a trust whose income, without the

---

50 Treas. Reg. § 1.671-2(e)(1).
51 Treas. Reg. § 1.671-2(e)(2).
52 Treas. Reg. § 1.671-2(e)(3).
53 *See* Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 85-45, 1985-1 C.B. 183; and Rev. Rul. 85-13, 1985-1 C.B. 184; s*ee also* Treas. Reg. § 1.1001-2(c), Example 5.
54 Treas. Reg. § 1.671-2(a).

approval or consent of any adverse party is, or in the discretion of the grantor or a non-adverse party or both, may be distributed to the grantor or held or accumulated for future distribution to the grantor.[55]

Revenue Ruling 2004-86 also considered whether the purchase of interests in the trust arrangement by Dan and Michelle would be treated as an acquisition of interests in the real property (Blackacre) owned by the trust (in exchange for their interests in Whiteacre and Greenacre that were conveyed to John). The IRS concluded that Dan and Michelle should be treated as grantors of the trust when they acquire their interests in the trust from John, who had formed the trust. The IRS also concluded that, because Dan and Michelle have the right to distributions of all the income of the trust attributable to their undivided fractional interests, they should be treated under Section 677 as the owners of an aliquot portion of the trust, and all income, deductions and credits attributable to that portion are includible by Dan and Michelle in computing their taxable income. Because the owner of an undivided fractional interest of a trust is considered to own the trust assets attributable to that interest for federal income tax purposes, the IRS treated Dan and Michelle as each owning an undivided fractional interest in Blackacre for federal income tax purposes.

The IRS treatment of Dan and Michelle as the owners of the trust's property for purposes of Section 1031 is consistent with the treatment by the IRS of grantors of a trust for Section 1033 purposes. Section 1033 is similar to Section 1031 in that it confers nonrecognition treatment on the involuntary conversion of property into similar or related-use property.[56] In several rulings, the IRS concluded that, because the owner of a grantor trust is treated as the owner of the trust's property for federal income tax purposes, whether replacement property was purchased by a grantor or the grantor's trust is of no consequence for Section 1033 purposes.[57]

Several of the rights accorded, directly and indirectly, under the Trust Agreements to the Beneficial Owners as "grantors" should result in the Beneficial Owners being treated as owning direct interests in the Properties for federal income tax purposes. Generally, the Beneficial Owners have the right to the distribution of all income received by the Parent Trust from the Operating Trusts without the approval, consent or exercise of discretion by any person. Additionally, the Beneficial Owners have a total reversionary interest in the assets of the Parent Trust. These rights of the Beneficial Owners as grantors should result in the Beneficial Owners being treated as owning direct interests in the Parent Trust's assets, (i.e., the Operating Trusts and the underlying interests in the Properties), under Sections 673 and 677 and therefore also for all federal income tax purposes, including Section 1031.

---

[55] Code § 677(a). For purposes of this provision, a trustee who lacks an economic interest in the assets of a trust is not an adverse party. *See* Treas. Reg. § 1.672(a)-1(a).

[56] *See* Code § 1033(a).

[57] *See* Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 70-376, 1970-2 C.B. 164.

Baker McKenzie.

IV. The Interests should not be treated as securities for purposes of Section 1031.

If the Interests were determined to be securities for purposes of Section 1031, an investor would recognize gain, if any, on the exchange of property for an Interest to the extent the fair market value of the Interest received in the exchange exceeded the adjusted tax basis of the relinquished property.[58] For the reasons discussed below, the Interests should not constitute "securities" for purposes of Section 1031.[59]

A. Legislative History of Section 1031.

The exclusion of securities from Section 1031 was added to the predecessor to Section 1031 in 1923.[60] The legislation amended the predecessor to Section 1031 to include the following italicized language:

> When any such property held for *investment or for* productive use in trade or business (not including stock-in-trade or other property held primarily for sale, *and in the case of property held for investment not including stock, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest)*, is exchanged for property of a like kind or use.

The reason for the addition of the language above was to prevent taxpayers from using the predecessor to Section 1031 to exchange investment securities, such as stocks and bonds, on a tax free basis. A letter from the Secretary of Treasury dated January 13, 1923, provided as follows:

> The revenue act of 1921 provides, in section 202, for the exchange of property held for investment for other property held for investment for other property of a like kind without the realization of taxable income. Under this section, a taxpayer who purchases a bond of $1,000 which appreciates in value may exchange that bond for another bond of the value of $1,000, together with $100 in cash (the $100 in cash representing the increase in the value of the bond while held by the taxpayer), without the realization of taxable income. This provision of the act is being widely abused. Many brokers, investment houses and bond houses have established exchange departments and are advertising that they will exchange securities for their customers in such a manner as to result in no taxable gain. Under this section, therefore, taxpayers owning securities which have appreciated in value are exchanging them for other securities and at the same time receiving a cash consideration without the realization of taxable income, but if the securities have fallen in value since

---

58 Code §§ 1001.

59 Although the Interests may be "securities" for purposes of the Securities Act of 1933 or the Securities Exchange Act of 1934, it should be noted that this is not the relevant test for determining whether the Interests are securities for federal income tax purposes but, rather, only the starting point for the analysis.

60 *See, e.g.*, H.R. 13774, Public No. 545, 67th Cong., 4th Sess., ch. 294.

Baker McKenzie.

> acquisition will sell them and in computing net income deduct the amount of the loss on sale. This result is manifestly unfair and destructive of the revenues. The Treasury accordingly urges that the law be amended so as to limit the cases in which securities may be exchanged for other securities without the realization of taxable income to those cases where the exchange is in connection with the reorganization, consolidation or merger of one or more corporations.[61]

In response to the concern expressed in the letter above, Congress amended the predecessor to Section 1031 to exclude securities.[62]

B. Use of the term "securities" in the Code.

The term "securities" is not defined in either Section 1031 or the Treasury Regulations promulgated thereunder. The term "securities" is narrowly defined in other Sections of the Code, including the following:

- Section 165(g) (defining the term "security" as "(A) a share of stock in a corporation; (B) a right to subscribe for, or to receive, a share of stock in a corporation; or (C) a bond, debenture, note, or certificate, or other evidence of indebtedness, issued by a corporation or by a government or political subdivision thereof, with interest coupons or in registered form…");

- Section 402(e)(4)(E)(i) (providing that "[t]he term 'securities' means only shares of stock and bonds or debentures issued by a corporation with interest coupons or in registered form");

- Section 1083(f) (stating that "the term 'stock or securities' means shares of stock in any corporation, certificates of stock or interest in any corporation, notes, bonds, debentures and evidences of indebtedness (including any evidence of an interest in or right to subscribe to or purchase any of the foregoing);[63] and

- Section 1236(c) (providing that "the term 'security' means any share of stock in any corporation, certificate of stock or interest in any corporation, note, bond, debenture, or evidence of indebtedness, or any evidence of an interest in or right to subscribe to or purchase any of the foregoing").

---

[61] Id.

[62] Id.

[63] Code § 1083 was repealed by the Gulf Opportunity Zone Act of 2005. See Pub. L. No. 109-135, § 402(a)(1), 119 Stat. 2610 (2005).

The Interests clearly would not be considered "securities" under any of the above Sections which, although not expressly applicable for Section 1031 purposes, the IRS has indicated are relevant to the issue of how broad or restrictive the scope of "securities" may be for Section 1031 purposes.

In addition, there are instances in the Code where a term is defined by specific reference to federal securities law, such as the following examples:

- Section 67(c)(2)(B)(i)(I) ("continuously offered pursuant to a public offering (within the meaning of Section 4 of the Securities Act of 1933, as amended)");
- Section 83(c)(3) ("so long as the sale of property at a profit could subject a person to suit under Section 16(b) of the Securities Exchange Act of 1934");
- Section 162(m)(2) ("the term 'publicly held corporation' means any corporation issuing any class of common equity securities required to be registered under Section 12 of the Securities Exchange Act of 1934");
- Section 277(b)(3) ("which for each day of any taxable year is a national securities exchange subject to regulation under the Securities Exchange Act of 1934 or a contract market subject to regulation under the Commodity Exchange Act"); and
- Section 409(e)(4)(A) ("a class of securities required to be registered under Section 12 of the Securities Exchange Act of 1934").

In *Plow Realty Co. of Texas v. Commissioner*,[64] the Tax Court addressed whether two mineral deeds, each conveying an undivided one-eighth interest in oil, gas, sulphur and other minerals, were "securities" for purposes of determining whether the gains from such conveyances constituted "personal holding company income" under Section 502(b) of the Internal Revenue Code of 1939. If such gains were "securities," and hence, "personal holding company income" as defined under the Internal Revenue Code of 1939, the gains would be subject to a 25% surtax.

The taxpayer contended that the mineral deeds were conveyances of an interest in real estate and not a sale of "securities." The Tax Court agreed:

> Under securities and exchange acts mineral deeds and assignments of mineral rights have been held to be "securities." But here we have a revenue statute and not a question of the exercise of police power by a state or the National Government for the protection of the public. The respondent's regulations define "stock or securities" in broad and comprehensive language, but even so, we do not think the instruments

[64] 4 T.C. 600 (1945).

> herein can be classified as securities under the revenue act. What we have here is two deeds of conveyance evidencing two private sales of undivided interests in realty, under which title passed to and became vested in the grantees. Such sales do not, in our opinion, under the circumstances here constitute a sale of securities under respondent's regulations.[65]

Based on this reasoning, the Tax Court held that the gains realized by the taxpayer upon the conveyance of the mineral deeds were not "personal holding company income" because the mineral deeds did not convey "securities."

In General Counsel Memorandum 35,242,[66] the IRS stated that "[a]lthough [the definitions under Sections 165(g), 402(a)(3), 1083(f) and 1236(c)] do not control for purposes of Code §1031, we believe it persuasive that Congress has consistently defined the term 'securities' in a limited sense." Accordingly, the IRS determined that an exchange of whisky receipts for other whisky receipts qualified for nonrecognition treatment under Section 1031(a).

Equally important, General Counsel Memorandum 35,242 determined that the whisky receipts were not "securities" for purposes of Section 1031 even though the Securities and Exchange Commission believed such receipts constituted securities under the Securities Act of 1933 and the Securities Exchange Act of 1934. This is consistent with the Tax Court's position that property which constitutes a security under applicable securities laws is not necessarily a "security" for purposes of a specific provision of the Code.[67] The IRS further noted, in the proposed revenue ruling attached to the general counsel memorandum, that the "securities" exception to nonrecognition treatment was added to "preclude brokers, investment houses, and bond houses from arranging the tax free exchanges of appreciated securities for their clients."[68]

Based on the narrow scope of the definition of "securities" for various Code provisions, the IRS endorsement of this narrow definition in the Section 1031 context, and the Tax Court's conclusion that the definition of a "security" under applicable securities laws is irrelevant, we believe that the Interests should not be treated as securities for purposes of Section 1031.

---

65 *Id.* at 608 (internal citation omitted).

66 I.R.S. Gen. Couns. Mem. 35,242 (Feb. 16, 1973).

67 *Plow Realty Co*, 4 T.C. 600 (1945) (concluding that mineral deeds were not securities for purposes of the predecessor to Section 543 (personal holding company income) despite the fact that they were securities under securities and exchange acts).

68 I.R.S. Gen. Couns. Mem. 35,242 (Feb. 16, 1973), (*citing* S. Rept. 1113, 67th Cong. (1927), 1939-1 (Part 2) C.B. 845-46).

Baker McKenzie.

V. The Interests should not be treated as certificates of trust or beneficial interests for purposes of Section 1031.

The non-recognition rules of Section 1031 do not apply to an exchange of certificates of trust or beneficial interests.[69] However, as concluded above, the Parent Trust and the Operating Trusts should be treated as fixed investment trusts within the meaning of Treasury Regulations Section 301-7701-4(c). Therefore, each of the Parent Trust and the Operating Trusts is considered to be a disregarded entity and the Beneficial Owners should be viewed as owning an underlying fractional interest in the Properties (as opposed to an interest in the Parent Trust and/or the Operating Trusts for federal income tax purposes) because, for federal income tax purposes, the Parent Trust and the Operating Trusts are disregarded and viewed as if they do not exist. Thus, the Interests should not be viewed as prohibited certificates of trust or beneficial interests for purposes of Section 1031.

VI. The Leases should be treated as true leases and not financings for federal income tax purposes.

A. Generally.

We believe that each of the Leases has the hallmarks of a bona fide, true lease and, therefore, should be treated as such for federal income tax purposes. The economic substance of a leasing transaction is analyzed in light of all of the facts and circumstances.[70] Transactions structured as leases may be recharacterized for federal income tax purposes to reflect their economic substance.[71] For example, in appropriate circumstances a purported lease may be recharacterized as a conditional sales contract. Recharacterization of the Leases as financings or other arrangements for federal income tax purposes would have significant adverse tax consequences. For example, if the Leases were recharacterized as financings, the Master Tenants would be treated as the owners of the respective Properties for federal income tax purposes. As a result, an Investor attempting to participate in a Section 1031 Exchange would not be treated as having received qualified replacement property when the Investor acquired his or her Interest because the Investor would be treated as having made a loan to the Master Tenants. As the owner of the Properties for federal income tax purposes, the Master Tenants, rather than the Investors, would be entitled to claim any depreciation deductions. To the extent that payments of "rent" were recharacterized as payments of interest and principal, the payment of principal would not be treated as the receipt of taxable income by the Investors and would not be deductible by the Master Tenants. All of these, and other, consequences could have a significant impact on the tax

---

[69] Code § 1031(a)(2)(E) (1984). As noted above, although the specific language providing for the exclusion of interests in a partnership, securities, certificates of trust or beneficial interests has been eliminated from the statute, an analysis of these terms remains relevant to the analysis and conclusion set forth herein that the Beneficial Owners should be treated as owning real property for federal income tax purposes.

[70] Joint Committee on Taxation, Technical Explanation of the Revenue Provisions of the "Reconciliation Act of 2010," as Amended, in Combination with the "Patient Protection and Affordable Care Act," 153 & n. 350 (2010).

[71] *See, e.g.*, *Frank Lyon Co. v. U.S.*, 435 U.S. 561, *rev'g* 536 F.2d 746 (8th Cir. 1976); *Rice's Toyota World*, 752 F.2d 89 (4th Cir. 1985); *Helvering v. F. & R. Lazarus & Co.*, 308 U.S. 252 (1939); *Emershaw v. Comm'r*, T.C. Memo 1990-246.

consequences of an investment in the Properties.

B. Revenue Procedure 2001-28.

It is possible that the Leases could be treated as financings rather than true leases for federal income tax purposes. There is, however, no bright-line test for making this determination. This issue will be analyzed in the context of Revenue Procedure 2001-28,[72] which sets forth guidelines for obtaining an advance ruling that a lease constitutes a true lease (and not a financing) for federal income tax purposes, as well as the federal income tax case law governing this area.

In recent cases, courts have conducted a two-part analysis to determine whether the purported lease should be respected for federal income tax purposes, including an analysis of whether (i) the purported lease should be disregarded as a "sham" transaction and, if not, (ii) whether the lessor retained a sufficient amount of the traditional benefits and burdens of ownership of the property. A leasing transaction will be deemed a sham, and thus disregarded, if it was entered into for the sole purpose of obtaining tax benefits and the transaction is devoid of any reasonable opportunity for economic profit (exclusive of tax benefits). A transaction is not a sham if there is either a business purpose or economic substance to the transaction.[73] The business-purpose test has been described as a subjective analysis examining the motivations for entering into a transaction,[74] while the economic substance analysis is described as an objective analysis focusing on whether the transaction has a reasonable opportunity of producing a profit (exclusive of tax benefits).[75] If a transaction is shown not to be a sham, the lessor must additionally retain sufficient benefits and burdens of ownership to be regarded as the owner for federal income tax purposes.[76] The essence of the courts' benefits and burdens analysis is an examination of whether the purported lessor is subject to the risks of ownership (i.e., downside) and will enjoy the profits of the property (i.e., upside).

---

72 2001-1 C.B. 1156.

73 *See Rice's Toyota World*, 752 F.2d 89; *Van Roekel* v. *Comm'r*, T.C. Memo 1989-74, *app. dism'd* 905 F.2d 80 (5th Cir. 1990); *Offermann v. Comm'r*, T.C. Memo 1988-236; *L. W. Hardy Co. Inc. v. Comm'r*, T.C. Memo 1987-63; *Greenbaum v. Comm'r*, T.C. Memo 1987-222; *Torres v. Comm'r*, 88 T.C. 702 (1987); *Mukerji v. Comm'r*, 87 T.C. 926 (1986).

74 *Levy v. Comm'r*, 91 T.C. 838, 854 (1988).

75 *Id. at* 838; *Rubin v. Comm'r*, T.C. Memo 1989-484; *Moser v. Comm'r*, T.C. Memo 1989-142, *aff'd* 914 F.2d 1040 (8th Cir. 1990); *Van Roekel* v. *Comm'r*, T.C. Memo 1989-74; *Offermann v. Comm'r*, T.C. Memo 1988-236; *Larsen v. Comm'r*, 89 T.C. 1229 (1987), *aff'd & rev'd sub nom Casebeer v. Comm'r.*, 909 F.2d 1360 (9th Cir. 1990).

76 *See Emershaw v. Comm'r*, T.C. Memo 1990-246, *aff'd* 949 F.2d 841 (6th Cir. 1991); *Rubin v. Comm'r*, T.C. Memo 1989-484; *Pearlstein v. Comm'r*, T.C. Memo 1989-621; *Moser v. Comm'r*, T.C. Memo 1989-142, *aff'd* 914 F.2d 1040 (8th Cir. 1990); *Van Roekel* v. *Comm'r*, T.C. Memo 1989-74; *Levy*, 91 T.C. 838.

Baker McKenzie.

Revenue Procedure 2001-28[77] sets forth advance ruling guidelines for "true lease" status. The Parent Trust has not sought, and does not expect to request, a ruling from the IRS under Revenue Procedure 2001-28. These ruling guidelines provide certain criteria that the IRS will require to be satisfied in order to issue a private letter ruling that a lease is a true lease for federal income tax purposes. In the event of an examination by the IRS, the IRS and, ultimately, the courts of applicable jurisdiction, would consider these ruling guidelines, together with existing cases and other rulings, in determining whether the Leases qualify as true leases for federal income tax purposes. However, we do not believe that strict compliance with Revenue Procedure 2001-28 is required to conclude that the Leases should be characterized as true leases for federal income tax purposes.

Rather, we believe that satisfying most of the material ruling guidelines should be sufficient for this purpose. Accordingly, the following discussion reviews the factors considered relevant by the IRS under Revenue Procedure 2001-28 guidelines, as well as the relevant case law.[78]

C. Minimum Unconditional At-Risk Investment.

Under the Revenue Procedure, the lessor must make a minimum unconditional "at risk" investment in the property (the "Minimum Investment") when the lease begins, must maintain such Minimum Investment throughout the entire lease term, and such Minimum Investment must remain at the end of the lease term. The Minimum Investment must be an equity investment (the "Equity Investment") that includes only consideration paid, and personal liability incurred, by the lessor to purchase the property. The net worth of the lessor must be sufficient to satisfy any such personal liability.[79] We believe that satisfying the required Minimum Investment pursuant to the guidelines is also indicative of a lessor's retention of downside risk as required under the framework established by the case law.[80]

1. Initial Minimum Investment.

When the property is first placed in service or use by the lessee, the Minimum Investment must be equal to at least 20% of the cost of the property. The Minimum Investment must be unconditional: that is, the lessor must not be entitled to a return of any portion of the Minimum Investment through any arrangement, directly or indirectly, with the lessee, a shareholder of the lessee, or any party related to the lessee (within the meaning of Section 318 of the Code) (the "Lessee Group").[81] Each of the Investors will acquire his or her

---

77 2001-1 C.B. 1156. The guidelines were designed with equipment, rather than real estate, leveraged leases as a primary concern.

78 The factors enumerated in the case law are relevant to the guidelines as set forth in Revenue Procedure 2001-28; thus, for purposes of this analysis we refer to the case law factors within the framework of the guidelines.

79 Rev. Proc. 2001-28, 2001-1 C.B. 1156 § 4.01.

80 For example, courts have treated a lessor as the owner of property when the lessor has made cash investments substantially smaller than the 20% required by the Revenue Procedure 2001-28 guidelines. *See, e.g., Emershaw v. Comm'r*, T.C. Memo 1990-246 (6% investment); *Greenbaum v. Comm'r*, T.C. Memo 1987-222 (7% investment); *Hardy, L. W. Hardy Co. Inc. v. Comm'r*, T.C. Memo 1987-63 (17% investment).

81 Rev. Proc. 2001-28, 2001-1 C.B. 1156 at § 4.01(1).

Baker McKenzie.

Interest in the Properties (through the Parent Trust and the Operating Trusts) for an unconditional equity investment equal to approximately 49.1% of the cost of his or her Interest in the Properties. None of the Investors will be entitled to demand the return of his or her Equity Investment from the Parent Trust, or any tenant, or any party related to such parties, either through a put option, a guaranty of residual value, or other arrangement with such persons.

2. Maintenance of Minimum Investment.

The Minimum Investment must remain equal to at least 20% of the cost of the property at all times throughout the entire lease term. That is, the excess of the cumulative payments required to have been paid by the lessee to or for the lessor over the cumulative disbursements required to have been paid by or for the lessor in connection with the ownership of the property must never exceed the sum of (i) any excess of the lessor's initial Equity Investment over 20% of the cost of the property plus (ii) the cumulative pro rata portion of the projected profit from the transaction (exclusive of tax benefits).[82] The Parent Trust and the Parent Signatory Trustee have represented to us that they anticipate that the equity invested in the Properties by the Investors will equal at least 20% of the cost of the Properties to the Parent Trust at all times throughout the terms of the Leases (disregarding fluctuations in value) and that, to their knowledge, no plan or intention exists to reduce such equity through distributions or refinancings of the Properties or otherwise. It is impossible, however, to determine at this time whether the economic performance of the Properties will comply with the above stated requirement of Revenue Procedure 2001-28. Accordingly, this estimation alone neither weighs in support nor against characterization of the Leases as true leases for federal income tax purposes.

3. Residual Investment.

Under Revenue Procedure 2001-28, the fair market value of the property at the end of the lease term must be estimated to be an amount equal to at least 20% of the original cost of the property. For this purpose, fair market value must be determined (i) without including in such value any increase or decrease for inflation or deflation during the lease term, and (ii) after subtracting from such value any cost to the lessor for removal and delivery of possession of the property to the lessor at the end of the lease term. In addition, under Revenue Procedure 2001-28, a reasonable estimate of the remaining useful life of the property at the end of the lease term must equal the longer of one year or 20% of the originally estimated useful life of the property.[83] The Parent Trust and the Parent Signatory Trustee have represented that each Property is expected to have a value at the end of the applicable Lease term or the anticipated time of sale that is at least 20% of the original cost of such Property and that the financial projections of the value of each Property at the end of the applicable Lease term or the anticipated time of sale are not based on increases or decreases in inflation or deflation during the lease term and reflect the anticipated costs of sale. In addition, the Parent Trust and the Parent Signatory Trustee have represented that a reasonable estimate of the remaining useful life of each Property at the end of its initial

[82] *Id*. at § 4.01(2).
[83] *Id*. at § 4.01(3).

lease term should equal the longer of one year or 20% of the originally estimated useful life of such Property.

D. Lease Term and Renewal Options.

For purposes of determining whether the various requirements imposed by Revenue Procedure 2001-28 are satisfied, the lease term must include all renewal or extension periods except renewals or extensions at the option of the lessee at fair rental value at the time of such renewal or extension.[84] Because both the Equity Investment of the Investors and the Leases will terminate at the time of the anticipated sale, the anticipated time of sale might be used as the measuring period for purposes of determining the terms of the Leases. One could also argue that the entire terms of the Leases should be used as the applicable measuring period in determining whether the various requirements of Revenue Procedure 2001-28 have been met. We have considered each of these alternatives in reaching our conclusions herein concerning the application of Revenue Procedure 2001-28.

E. Purchase and Sale Rights.

Under Revenue Procedure 2001-28, no member of the Lessee Group may have a contractual right to purchase the property from the lessor at a price less than its fair market value at the time the right is exercised.[85] When the property is first placed in service or use by the lessee, the lessor may not have a contractual right to cause any party to purchase the property.[86] The lessor must also not have any present intention to acquire such a contractual right. A provision that permits the lessor to abandon the property to any party will be treated as a contractual right of the lessor to cause such party to purchase the property.[87] Despite this prohibition, both the IRS and the courts have recognized leases utilizing fixed-price purchase options as leases for federal income tax purposes. A number of courts have concluded that a true lease existed even when the lessee had the right to purchase the leased property at a fixed price so long as the purchase price represented an estimate of the fair market value of the leased property as of the option date, or was not nominal in relation to such value.[88] The Leases and other Transaction Documents do not provide the Parent Trust or the Operating Trusts with a put option or the right to abandon the Properties to any party.

F. Investment by Lessees.

---

84 *Id*. at § 4.02.

85 *Id*. at § 4.03.

86 *Id*. at § 4.03.

87 *Id*. at § 4.03.

88 *See L. W. Hardy Co. Inc. v. Comm'r*, T.C. Memo 1987-63; *Transamerica Corp. v. U.S.*, 15 Cl. Ct. 420 (1988), *aff'd* 902 F.2d 1540 (Fed. Cir. 1990); *Cooper v. Comm'r*, 88 T.C. 84 (1987); *Belz Inv. Co. v. Comm'r*, 72 T.C. 1209 (1979), *aff'd* 661 F.2d 76 (6th Cir. 1981), *acq.* 1980-2 C.B. 1; *Northwest Acceptance Corp. v. Comm'r*, 58 T.C. 836 (1972), *aff'd* 500 F.2d 1222 (9th Cir. 1974); *Lockhart Leasing Co. v. Comm'r*, 54 T.C. 301 (1970), *aff'd* 446 F.2d 269 (10th Cir. 1971); *see also* Staff of the Joint Committee on Taxation, General Explanation of the Tax Reform Act of 1984 (1984) ("Where [a] purchase option was more than nominal but relatively small in comparison with fair market value, the lessor was viewed as having transferred full ownership because of the likelihood that the lessee would exercise the option.").

No part of the cost of the property or the cost of improvements, modifications, or additions to the property ("Improvements"), may be furnished by any member of the Lessee Group. If the lease requires the lessee to maintain and keep the property in good repair during the term of the lease, ordinary maintenance and repairs performed by a member of the Lessee Group will not constitute an Improvement.[89] While the Master Tenants may incur some obligations to construct improvements under one or more subleases, this should not affect the characterization of the Leases for federal income tax purposes. Under the Leases, the Master Tenants may be required to pay for certain tenant improvements associated with the Properties. For example, the Master Tenants must, throughout the terms of the Leases, take good care of the Properties, put, keep, and maintain the Properties and every part thereof in a condition substantially the same as the condition of the Properties as of the commencement of the Leases, and make all necessary repairs of whatsoever kind or nature.[90] We believe that any such improvements required to be constructed by the Master Tenants under the Leases are in the nature of maintenance and repairs consistent with ordinary commercial practice and, therefore, should not prevent the Leases from qualifying as true leases for federal income tax purposes.[91]

G. No Lessee Loans or Guarantees.

No member of the Lessee Group may lend to the lessor any of the funds necessary to acquire the property, or guarantee any indebtedness created in connection with the acquisition of the property by the lessor.[92] A guarantee by any member of the Lessee Group of the lessee's obligation to pay rent, properly maintain the property, or pay insurance premiums or other similar conventional obligations of a net lease does not constitute a guarantee of the indebtedness of the lessor.[93] There are no guarantees under the Leases or other Transaction Documents that violate this requirement.

H. Profit Requirement.

The lessor must expect to receive a profit from the transaction apart from the value of or benefits obtained from the tax deductions, allowances, credits and other tax attributes arising from such transaction. Under the Revenue Procedure 2001-28 guidelines, this requirement is met if: (a) the aggregate amount required to be paid by the lessee to or for the lessor over the lease term plus the value of the residual investment exceed an amount equal to the sum of the aggregate disbursements required to be paid by or for the lessor in connection with the ownership of the property and the lessor's Equity Investment in the property, including any direct costs to finance the Equity Investment; and (b) the aggregate amount required to be paid to or for the lessor over the lease term exceeds by a reasonable

---

89 Rev. Proc. 2001-28, 2001-1 C.B. 1156 at § 4.04.

90 *See* Leases at § 4.2.

91 In addition, in its private ruling practice under Revenue Procedure 75-21 (the predecessor to Revenue Procedure 2001-28, which included a similar requirement), the IRS has generally concluded that the making of an improvement by a tenant not permitted under this guideline will not affect the true lease analysis. *See* I.R.S. Priv. Ltr. Rul. 8712025 (Dec. 18, 1986); *see also* I.R.S. Gen. Couns. Mem. 36,727 (May 13, 1976) ("We too have found no statutory or judicial law reclassifying a lease transaction as a purchase because of lessee improvements.").

92 Rev. Proc. 2001-28, 2001-1 C.B. 1156 § 4.05.

93 *Id*. at § 4.05.

Baker McKenzie.

amount the aggregate disbursements required to be paid by or for the lessor in connection with the ownership of the property.[94] Similarly, the return of a profit to the lessor is arguably indicative of a true upside, sufficient to satisfy the sham transaction and benefits and burdens framework established by the case law.[95] The Parent Trust and the Parent Signatory Trustee have represented to us that this requirement is expected to be satisfied.

I. Conclusion.

In light of the above factors, the Leases satisfy most of the pertinent material conditions set forth in Revenue Procedure 2001-28. Likewise, under the framework established in the case law, each of the Leases bear the hallmarks of a bona fide lease. Accordingly, we believe that the Leases should be treated as true leases rather than as financings for federal income tax purposes.

VII. The Leases should be treated as true leases and not as deemed partnerships for federal income tax purposes.

It also is necessary to consider whether the Leases could be re-characterized as partnerships for federal income tax purposes because if the Parent Trust, the Operating Trusts or the Beneficial Owners are treated as partners with the Master Tenants with respect to the ownership of the Properties, the Beneficial Owners would not be treated as directly holding interests in the Properties for income tax purposes.[96] Case law provides that certain factors are indicative that a purported lease may in fact be a partnership for federal income tax purposes.[97]

---

94 Rev. Proc. 2001-28, 2001-1 C.B. 1156 at § 4.06.

95 *See* Leases at § 2.3. While the "Uncontrollable Costs" feature of the Leases could potentially be viewed as giving rise to a relationship similar to a cash flow lease (e.g., if the pool of items included in the formulation of Uncontrollable Costs was so expansive as to include the totality of operating expenses, or a significant portion thereof, thereby changing the nature of the Leases), we believe that the limited categories included therein (i.e., real estate taxes and similar impositions, insurance and utilities) are sufficiently tied to historic and anticipated costs and discrete in nature such that the Leases should still be properly viewed as true leases and not agency or financing arrangements. As such, the Uncontrollable Costs adjustment mechanism in the Leases should not be viewed as a sharing of profits or losses. In addition, if there is an increase in the amount of Uncontrollable Costs, such costs will only be offset to the extent of Additional Rent or Supplemental Rent; accordingly, if such rent amounts are unavailable, the burden for such costs remains with the Master Tenants.

96 Because the Property Manager will not be in privity of contract with the Parent Trust or the Operating Trusts, there should be little doubt that there is no partnership between the Property Manager and the Parent Trust or the Operating Trusts.

97 *See Haley v. Comm'r*, 203 F.2d 815 (5th Cir. 1953), *rev'g and rem'g* 16 T.C. 1509 (1951) (citing *Culbertson* and stating that a transaction will be treated as a partnership rather than a lease "if the agreements and the conduct of the parties . . . plainly show the existence of such [a partnership] relationship, and the intent to enter into it"); *Bussing v. Comm'r*, 88 T.C. 449 (1987) ("A partnership for federal income tax purposes is formed when the parties to a venture join together capital or services with the intent of conducting a business or enterprise and of sharing the profits and/or losses of the venture"). In *Bussing*, the parties entered into a multiparty sale lease-back transaction intended to qualify under *Frank Lyon*. In a sale lease-back transaction, rent payments generally offset amounts due under the debt incurred to purchase the asset, giving the purchaser-lessor an interest in the rent. Because of a remarketing agreement that enabled the seller-lessee to share along with the purchaser-lessor in the net residual value of the leased property, and that the purchaser-lessor took the property subject to already existing debt and therefore bore

Baker McKenzie.

A. Applicable Standards.

The courts have focused on the following factors when analyzing this issue:

1. Intent.

The test set forth in *Culbertson* is applicable in determining whether an agreement is treated as a partnership or as a lease.[98] The Leases specifically state that the parties do not intend to form a financing arrangement, joint venture or management arrangement with the Master Tenants.[99] Likewise, each Lease recites that it is intended to be characterized as a true lease and that the parties shall reflect the Leases as such in all applicable books, records and reports, including income tax filings.[100]

2. Joint Contribution of Capital or Services.

Where persons combine their capital and services together in an enterprise such that they are required to deal with each other to realize the economic benefits from the property, the arrangement generally will be characterized as a partnership.[101] The Operating Trusts and the Master Tenants do not intend to pool either their capital or services. The Operating Trusts will make the Properties available to the Master Tenants and will not participate in, or provide services to, the Master Tenants' business (except to the extent necessary to protect its investment in the applicable Property). Similarly, the Master Tenants will not provide capital to enable the Operating Trusts to acquire or improve the Properties and will not provide services to the Operating Trusts (except to the extent necessary to comply with its obligations under the applicable Lease).

3. Joint Capital and Ownership of Capital and Earnings.

Another factor is whether the participants will have joint control over the capital and earnings of the venture.[102] The Master Tenants will have control over cash from the respective Property. However, the Master Tenants should not be deemed to have an ownership interest in the funds to which the Operating Trusts are entitled and they do not have the power to spend such funds except pursuant to the specific terms provided under

---

a risk of loss if the debt was not repaid, the court determined this evidenced a partnership. *See also Luna v. Comm'r*, 42 T.C. 1067 (1964) (outlining factors that will aid in the determination of whether a partnership exists for federal tax purposes: "[T]he following factors, none of which are conclusive, bear on this issue: The agreement of the parties and their conduct in executing its terms; the contributions if any, which each party has made to the venture; the parties' control over income and capital and the right of each to make withdrawals; whether each party was a principal and coproprietor, sharing a mutual proprietary interest in the net profits and having an obligation to share losses, or whether one party was the employee of the other; whether business was conducted in the joint name of the parties; whether the parties filed Federal partnership returns or otherwise represented that they were joint venturers; whether separate books of account were maintained for the venture; and whether the parties exercised mutual control over and assumed mutual responsibilities for the enterprise.").

98 *Comm'r v. Culbertson*, 337 U.S. 733 (1949).

99 *See* Leases at § 1.6.

100 *Id*.

101 *Bussing*, 88 T.C. 449; *Alhouse v. Comm'r*, T.C. Memo 1991-652.

102 Code § 704(e)(1).

the Leases. The Operating Trusts and the Master Tenants will each earn a separate profit. The Master Tenants will recognize income or loss based on the difference between the rent they receive on subleases and the expenses of leasing and operating the Properties. The Operating Trusts will receive rent from the Master Tenants, including a fixed base rent payment payable monthly, and a percentage of gross rents earned on an annual basis (with estimated payments being made to the Operating Trusts on a monthly basis).[103] The Leases do not provide for any rental payments based on net operating income or net cash flow from the operation of the Properties. Thus, none of these parties will jointly share in profits or losses; rather, each will bear its own separate risk that a profit will be realized.

4. Sharing of Profits as Co-proprietors.

Partners generally share profits as co-proprietors. A sharing of profits, however, is not alone sufficient to make partners or joint venturers out of participants in a business enterprise if the requisite element of co-ownership is not established.[104] A profit share in a lease can be received by a lessor as rent without the lessor becoming a partner in the enterprise. A share of net receipts, as opposed to gross receipts, is stronger evidence that a partnership relationship exists, but without more, should not cause a lease to be recharacterized as a partnership. Under the Leases, the Master Tenants receive rent from the sublease of the Properties whereas the Operating Trusts receive rent from the Master Tenants. Under the Treasury Regulations, the sharing of gross rents, without more, is very unlikely to create a partnership arrangement.[105] The only sharing involved in the present case is the fact that the Operating Trusts might share in certain gross percentage rent, as landlords and not as partners, only to the extent such rent exceeds a set base.[106] Thus, the

---

[103] *See* Leases at § 2.1.

[104] *See* Treas. Reg. § 301.7701-1(a)(2) (if an individual owner of farm property leases it to a farmer for a cash rental or a share of the crops, they do not necessarily create a separate entity for federal tax purposes); *Grandview Mines v. Comm'r*, 282 F.2d 700 (9th Cir. 1960), *aff'g* 32 T.C. 759 (1959) (46.5% of lessee's net profits from leased property; not recharacterized as partnership); *Freesen v. Comm'r*, 84 T.C. 920 (1985) ('The fact that the consideration paid for the use of property is a function of net profits, does not require a finding that a joint venture exists"); *see also U.S. v. Myra Foundation*, 382 F.2d 107 (8th Cir. 1967) (sharecropping arrangement not partnership even though landowner furnished seed, paid half of certain expenses, and participated in farming operations through a farm manager); *White's Iowa Manual Labor Inst. v. Comm'r*, T.C. Memo 1993-364 (same result); *Harlan E. Moore Charitable Trust v. U.S.*, 9 F.3d 623 (7th Cir. 1993) (same result); *Oblinger Trust v. Comm'r*, 100 T.C. 114 (1993); *cf. Bank of El Paso v. U.S.*, 509 F.2d 832 (5th Cir. 1975) (holding characterization as lease or partnership was a question for the jury and distinguishing *Myra Foundation*); Rev. Rul. 57-7, 1957-1 C.B. 435 (arrangements in which coin-operated entertainments were placed on premises and under which the owner of the premises received a percentage of the gross receipts were leases); *Manchester Music Co., Inc. v. U.S.*, 733 F. Supp. 473 (D.N.H. 1990) (reaching opposite conclusion from Rev. Rul. 57-7); *In re Acme Music Co., Inc.*, 196 B.R. 925 (W.D. Pa. 1996) (no partnership between owner of premises of operator of coin-operated entertainments where owner and operator shared only gross profits, not net profits); Rev. Rul. 92-49, 1992 –1 C.B. 433 (allowing taxpayers to elect how to report arrangements described in Rev. Rul. 57-7); *see also Duley v. Comm'r*, T.C. Memo 1981-246 (no partnership even though profit sharing because no intent to form partnership, no sharing of losses and no material interest in capital); *Koss v. Comm'r*, T.C. Memo 1989-330 (no partnership when joint sharing of profits because no obligation to contribute capital or share losses and no proprietary interest in profits); I.R.S. Priv. Ltr. Rul. 8003027 (Oct. 23, 1979); I.R.S. Gen. Couns. Mem. 36,113 (Dec. 19, 1974); Rev. Rul. 75-43, 1975-1 C.B. 383.

[105] Treas. Reg. §1.761-1(a); Treas. Reg. §301.7701-1(a)(2).

[106] *See* Leases at § 2.1(c). As noted above, we believe that the limited categories of expenses included in Uncontrollable Costs (i.e., real estate taxes and similar impositions, insurance and utilities) are sufficiently

Operating Trusts and the Master Tenants should not be viewed as sharing in the net profits from the Properties.

5. Sharing of Losses.

Although the sharing of losses is not required to obtain partner status, this has often been a significant factor in cases distinguishing leases from partnerships. A mere profit-sharing agreement would not be taxed as a partnership absent an intent to form a partnership, especially when there was no agreement to share losses. In this case, the Master Tenants will not share in losses generated from an ownership interest in the Properties. Further, in the case of the Leases, the Operating Trusts will lease the Properties to the Master Tenants, and will not share in losses, if any, sustained by the Master Tenants with respect to operating and subletting of the Properties.

6. Control Over the Business.

An arrangement whereby two or more persons share the profits of a common undertaking does not constitute a joint venture in the absence of the power to control.[107] Typically, a lessor does not jointly manage the leased property with the lessee. The right of a lessor to participate in the management of the property, therefore, is an important factor distinguishing leases from partnerships.[108] Under the terms of the Leases, the Operating Trusts will have limited rights to participate in the management of the Properties. The Master Tenants will have the right to manage the day-to-day operation of the Properties. Any sublease by the Master Tenants does not require the consent of the Operating Trusts so long as the term of such sublease terminates prior to the term of the applicable Lease.[109] While any decision to sell or refinance the Properties will be made by the Operating Signatory Trustees on behalf of the Operating Trusts, this right is typical for a lessor to possess as the owner of a property and, therefore, does not support partnership characterization.

7. Parties' Agreement & Conduct in Executing its Terms.

As stated above, the Leases specifically state that the parties do not intend to create a financing arrangement, joint venture or management arrangement.[110] Accordingly, the parties' agreement and, to our knowledge, their conduct in executing its terms should not be indicative of a partnership for federal income tax purposes.[111]

---

tied to historic and anticipated costs and discrete in nature such that the Leases should still be properly viewed as true leases and not as deemed partnerships. As such, the Uncontrollable Costs adjustment mechanism in the Leases should not be viewed as a sharing of profits or losses and, therefore, is not indicative of deemed partnerships.

[107] *Joe Balestrieri and Co. v. Comm'r*, 177 F.2d 867 (9th Cir. 1949); *O'Connor v. Comm'r*, T.C. Memo 1960-70 (broker split profits but compensated for losses).

[108] *See, e.g., Grandview Mines*, 282 F.2d 700; *Haley*, 203 F.2d 815.

[109] *See* Leases at § 17.2.

[110] *See* Leases at § 1.6.

[111] *Sun Capital Partners III, LP v. New England Teamsters & Trucking Industry Pension Fund*, No. 16-1376 (1st Cir. 2019) (in deciding whether two private equity funds (the "Funds") had created a deemed

Baker McKenzie.

8. Maintenance of Separate Books.

The Master Tenants will not keep books or records on behalf of the Operating Trusts; such tasks will be performed by the Operating Signatory Trustees on behalf of the Operating Trusts.[112] Under the Leases, the Master Tenants will keep records as required to report rental payments to the Operating Trusts so that each of the Operating Trusts will separately report its separate rental income.[113]

9. Filing of Tax Returns or Other Partnership Action.

Pursuant to the Leases, no partnership returns will be filed and the parties are prohibited from otherwise acting or holding themselves out as partners in a partnership.[114] Each party is specifically required to reflect the transactions represented by the Leases in all applicable books, records and reports (including, without limitation, income tax filings) in a manner consistent with true lease treatment (i.e., in a manner reflecting a relationship between a landlord and tenant).[115]

10. Lessee Shares in Residual Proceeds.

Although a number of cases have upheld transactions as leases even though the lessee was engaged to provide the lessor with remarketing services in exchange for a share of the sales proceeds,[116] this factor is not present here. In addition, any compensation of the Operating Signatory Trustees, if any, upon a sale of the Properties is a matter of contract between the Operating Trusts and the Operating Signatory Trustees and should not give rise to a partnership between the Master Tenants and the Operating Trusts for federal income tax purposes.

B. Conclusion.

Based on these factors, the arrangement between and among the Operating Trusts and the Master Tenants should not give rise to deemed partnerships for federal income tax purposes.

---

partnership: "The fact that the Funds expressly disclaimed any sort of partnership between the Funds counts against a partnership finding as to several of the *Luna* factors.").

[112] *Id.* (applying the *Luna* factors: "The Funds … kept separate books … a fact which tends to rebut partnership formation.").

[113] *See* Leases at § 4.7.

[114] *See* Leases at § 1.6.

[115] *Id.*; *Sun Capital*, No. 16-1376 (1st Cir. 2019) (applying the *Luna f*actors: "The Funds also filed separate tax returns … a fact which tends to rebut partnership formation.").

[116] *See, e.g.*, *Levy*, 91 T.C. 838; *Casebeer*, 909 F.2d 1360.

Baker McKenzie.

VIII. The discussion of the federal income tax consequences contained in the Memorandum are correct in all material respects.

We have reviewed the discussion of federal income tax consequences contained in the Memorandum, and we believe that it is correct in all material respects. Our opinion, however, does not address whether the exchange entered into by an Investor satisfies all of the requirements of Section 1031.

IX. Certain judicially created doctrines should not apply to change the foregoing conclusions.

There are a number of judicially created doctrines that may conceivably apply to the Parent Trust's and the Operating Trusts' contractual arrangements, including the economic substance, sham transaction, substance over form, and step transaction doctrines. For reasons discussed more fully below, none of the foregoing doctrines should apply to recharacterize the contractual arrangements or transactions in the instant case.

A. Economic Substance and Business Purpose.

1. Applicable Rules.

Taxpayers generally are free to structure their business transactions as they please, even if motivated by tax avoidance considerations.[117] While a transaction with no purpose other than to reduce taxes will not be recognized for federal income tax purposes, a transaction that has a meaningful business purpose and economic substance should be respected, regardless of whether the taxpayer also intended to reduce taxes.[118] In *Frank Lyon Co. v. United States*,[119] the Supreme Court stated:

---

[117] *See Gregory*, 293 U.S. 465; *Rice's Toyota World v. Comm'r*, 81 T.C. 184, 196 (1983), *aff'd in part, rev'd in part and rem'd*, 752 F.2d 89 (4th Cir. 1985).

[118] *Gregory*, 293 U.S. at 469; *see also Superior Oil Co. v. Mississippi*, 280 U.S. 390, 395-96 (1930) ("The only purpose of the [taxpayer] was to escape taxation. . . The fact that it desired to evade the law, as it is called, is immaterial, because the very meaning of a line in the law is that you intentionally may go as close to it as you can if you do not pass it."); *Knetsch v. U.S.*, 364 U.S. 361, 365 (1960) (citing *Gregory* regarding the legal right of a taxpayer to decrease or altogether avoid taxes); *ACM Partnership*, 157 F.3d at 248 n.31 ("[I]t is also well established that where a transaction objectively affects the taxpayer's net economic position, legal relations, or non-tax business interests, it will not be disregarded merely because it was motivated by tax considerations. In analyzing both the objective and subjective aspects of ACM's transaction in this case where the objective attributes of an economically substantive transaction were lacking, we do not intend to suggest that a transaction which has actual, objective effects on a taxpayer's non-tax affairs must be disregarded merely because it was motivated by tax considerations."); *Yosha v. Comm'r*, 861 F.2d 494, 499 (7th Cir. 1988) (a transaction has economic substance when " . . . it is the kind of transaction that some people enter into without a tax motive, even though the people fighting to defend the tax advantages of the transaction might not or would not have undertaken it but for the prospect of such advantages — may indeed have had no other interest in the transaction.").

[119] 435 U.S. 561 (1978).

Baker McKenzie.

> Where . . . there is a genuine multiple-party transaction with economic substance which is compelled or encouraged by business or regulatory realities, is imbued with tax independent considerations, and is not shaped solely by tax-avoidance features that have meaningless labels attached, the Government should honor the allocation of rights and duties effectuated by the parties.[120]

As a result of *Frank Lyon*, a two-pronged test was developed to determine whether the form of a transaction should be respected or disregarded as a sham. In *Rice's Toyota World, Inc.*,[121] the Fourth Circuit articulated this test by stating that "[t]o treat a transaction as a sham, the court must find that the taxpayer was motivated by no business purposes other than obtaining tax benefits in entering the transaction, and that the transaction has no economic substance because no reasonable possibility of a profit exists."[122] This test therefore analyzes both the objective and subjective aspects of a transaction, i.e., the economic substance and the subjective business motivation behind the transaction, respectively.[123] These objective and subjective aspects are not "discrete prongs of a 'rigid two-step analysis,'" but rather are related factors in the analysis of whether a transaction has sufficient substance, apart from its tax consequences, to be respected.[124]

With respect to determining profit potential, the courts have not traditionally established a threshold amount of profit to determine whether a transaction should be respected for federal income tax purposes. The Tax Court has in some cases required more than a

---

[120] *Id.* at 583-84; *see also Cottage Savings Ass'n v. Comm'r*, 499 U.S. 554 (1991) (a savings and loan association that swapped mortgage portfolios in order to recognize a tax loss was allowed such loss; the Supreme Court focused not on the tax-motivated purpose, but on whether the portfolios were materially different by tax as opposed to economic standards).

[121] 81 T.C. 184 (1983), *aff'd in part, rev'd in part and rem'd*, 752 F.2d 89 (4th Cir. 1985).

[122] *Rice's Toyota World*, 752 F.2d at 91; *see also Horn v. Comm'r*, 968 F.2d 1229, 1237 (D.C. Cir. 1992) (before declaring a transaction an economic sham, the court should consider whether the transaction presented a reasonable prospect for economic gain).

[123] *Casebeer*, 909 F.2d at 1363; *accord Lerman v. Comm'r*, 939 F.2d 44, 53-54 (3d Cir. 1991) (noting that a sham transaction is defined as a transaction that "has no business purpose or economic effect other than the creation of tax deductions" and holding that the taxpayer was not entitled "to claim "losses" when none in fact were sustained").

[124] *Id.* at 1363; *see also Jacobson v. Comm'r*, 915 F.2d 832, 837 (2d Cir. 1990) (the determination of economic substance looks to whether the transaction has any "practical economic effects other than the creation of income tax losses"); *Weller v. Comm'r*, 270 F.2d 294, 297 (3d Cir. 1959) (transactions that do not change the flow of economic benefits are disregarded if they do not change the taxpayer's financial position); *Northern Ind. Pub. Serv. Co. v. Comm'r*, 115 F.3d 506 (7th Cir. 1997), *aff'g*, 105 T.C. 341 (1995) (the IRS could not set aside transactions which resulted "in actual, non-tax related changes in economic position."); *Larsen*, 89 T.C. 1229; *cf. Kirchman v. Comm'r*, 862 F.2d. 1486 (11th Cir. 1989) (existence of a nontax business purpose does not mandate the recognition of a transaction that otherwise lacks economic substance); *Goldstein v. Comm'r*, 364 F.2d 734 (2d Cir. 1966) (the court denied the taxpayer a prepaid interest deduction on debt incurred by the taxpayer solely to generate a deduction because the taxpayer could not reasonably have had any purpose in entering the transactions other than to reduce taxes).

de minimis amount of profit, especially where transactions involving financial instruments are concerned.[125] Other courts, however, have been reluctant to propose a threshold amount.[126]

In *United Parcel Service of America, Inc. v. Commissioner*,[127] the Eleventh Circuit reversed the Tax Court[128] on the issue of economic substance in finding that the restructuring by United Parcel Service ("UPS") of its excess-value business had both real economic effects and a business purpose. The Court reasoned that setting up a transaction (that otherwise has economic substance) with tax planning in mind is permissible as long as it figures in a bona fide, profit-seeking business purpose. In its finding that UPS' transaction had a valid business purpose, the Court noted that "a "business purpose" does not mean a reason for a transaction that is free of tax considerations. Rather, a transaction has a "business purpose" . . . as long as it figures in a bona fide, profit-seeking business."[129]

The economic substance doctrine was developed under an extensive body of case law prior to being codified as Section 7701(o) as part of the Reconciliation Act of 2010.[130] Before the economic substance doctrine under Section 7701(o) can be applied to a transaction, it is important to ask whether the economic substance doctrine is relevant to such transaction. Section 7701(o)(5)(C) provides that "[t]he determination of whether the economic substance doctrine is relevant to a transaction shall be made in the same manner as if this subsection has never been enacted."[131] For example, the Joint Committee Report specifically provides that "[l]easing transactions, like all other types of transactions, will continue to be analyzed in light of all the facts and circumstances."[132] This suggests that the economic substance doctrine as codified will be applied as it historically has been applied under the case law. However, taxpayers should anticipate that the courts and the IRS could apply the specific language of the statute.

---

125 *See Hilton v. Comm'r*, 74 T.C. 305, 353 (1980); *aff'd per curiam*, 671 F.2d 316 (9th Cir. 1982) (a 6% rate of return was required for purposes of the economic substance determination); *Krumhorn v. Comm'r*, 103 T.C. 29 (1994).

126 *See Estate of Thomas v. Comm'r*, 84 T.C. 412, 440 n. 52 (1985) (the court abstained, absent legislative guidance, from proposing a particular return for purposes of the determination of profit potential).

127 254 F.3d 1014 (11th Cir. 2001), *rev'g*, T.C. Memo 1999-268.

128 T.C. Memo 1999-268.

129 *United Parcel Service of America, Inc.*, 254 F.3d at 1019.

130 As codified, the economic substance doctrine is the "common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose." Code § 7701(o)(5)(A).

131 *See also* Joint Committee on Taxation, Technical Explanation of the Revenue Provisions of the "Reconciliation Act of 2010," as amended, in combination with the "Patient Protection and Affordable Care Act" (JCX-18-10) (Mar. 21, 2010) [hereinafter Joint Committee Report], at 152 ("[T]he provision does not change present law standards in determining when to utilize the economic substance analysis.").

132 *Id.*

The Joint Committee Report provides for two types of transactions that are not considered relevant for purposes of the economic substance doctrine: (i) transactions giving rise to the realization of tax benefits consistent with the intent of Congress; and (ii) certain basic business transactions that are respected "under longstanding judicial and administrative practice."[133] Regarding the first category of transactions to which the economic substance doctrine is not relevant, the Joint Committee Report states that "[if] the realization of the tax benefits of a transaction is consistent with the Congressional purpose or plan that the tax benefits were designed by Congress to effectuate, it is not intended that such tax benefits be disallowed."[134] Regarding the second category of transactions to which the economic substance doctrine is not relevant, the Joint Committee Report states that Section 7701(o) "is not intended to alter the tax treatment of certain basic business transactions that, under longstanding judicial and administrative practice are respected, merely because the choice between meaningful economic alternatives is largely or entirely based on comparative tax advantages."[135] The Joint Committee Report further provides that the economic substance doctrine does not apply to the following four basic business transactions: (i) the choice between capitalizing a business enterprise with debt or equity; (ii) a U.S. person's choice between utilizing a foreign corporation or a domestic corporation to make a foreign investment; (iii) the choice to enter a transaction or series of transactions that constitute a corporate organization or reorganization under subchapter C of the Code; and (iv) the choice to use a related-party entity in a transaction, provided that the arm's-length standard of Section 482 and other applicable concepts are satisfied.[136]

The legislative history to Section 7701(o) provides limited guidance as to whether the economic substance doctrine applies in the first instance. Specifically, the House Report states that it does not intend for the provision to alter the tax treatment of "certain basic business transactions that, under longstanding judicial and administrative practice are respected, merely because the choice between meaningful economic alternatives is largely or entirely based on comparative tax advantages."[137] The House Report goes on to note that, "as under present law, whether a particular transaction meets the requirements for specific treatment under any of these provisions is a question of facts and circumstances."[138]

In addition, the Large Business and International Division of the IRS issued guidance to assist examiners and their managers with determining whether it is appropriate to raise the economic substance doctrine with respect to a transaction under review (the "LB&I Directive").[139] The LB&I Directive lists factors tending to show that it likely would be inappropriate to apply the economic substance doctrine, such as if (i) the transaction was not highly structured, (ii) the transaction was based on arms' length terms negotiated by unrelated third parties, (iii) the transaction did not involve unnecessary steps, (iv) the

---

133 *Id*. at 152-53.
134 *Id*. at 152 n. 344.
135 *Id*. at 152.
136 *Id*. at 152-53.
137 H.R. Rep. 111-443 at 296.
138 *Id*.
139 LB&I Directive, Guidance for Examiners and Managers on the Codified Economic Substance Doctrine and Related Penalties, Control No: LB&I-4-0711-015 (July 15, 2011).

transaction was not promoted by a tax department or outside counsel, or (v) the transaction generates targeted tax incentives that are, in form and substance, consistent with Congressional intent in providing the incentives.[140]

If a transaction is relevant and thus subject to the economic substance doctrine, Section 7701(o) codifies the position, already taken by many courts, that the economic substance doctrine entails application of a conjunctive test.[141] Specifically, Section 7701(o)(1) provides that a transaction (or series of transactions) to which the economic substance doctrine applies is treated as having economic substance only if: (1) it changes in a meaningful way (apart from any federal income tax effects) the taxpayer's economic position; and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into such transaction. Before enacting Section 7701(o), some circuit courts of appeal would only require a change in economic circumstances or a business purpose. By enacting Section 7701(o), Congress eliminated any distinction between the different federal circuit courts of appeal as to whether the foregoing test should be applied conjunctively or disjunctively.

2. Analysis.

The Parent Trust's and the Operating Trusts' contractual arrangements should be recognized for federal income tax purposes according to their form. As discussed above, the economic substance doctrine does not apply to certain basic business transactions, including a U.S. person's choice between utilizing a foreign corporation or a domestic corporation to make a foreign investment. Although the use of Delaware statutory trusts to invest in real property is not a transaction that is specifically included in the list of basic business transactions in the Joint Committee Report that are not subject to the economic substance doctrine, the transaction pertaining to "a U.S. person's choice between utilizing a foreign corporation or a domestic corporation to make a foreign investment" speaks to the general issue of how a taxpayer structures investments, such that the type of entity used by a taxpayer to structure an investment (i.e., corporation, partnership, trust) should arguably be considered a basic business transaction that is not relevant and to which the economic substance doctrine is not applicable. Accordingly, the holding by the Investors of the Properties through the Parent Trust and Operating Trusts should be treated as a transaction that is not relevant for purposes of Section 7701(o), such that the economic substance doctrine should not apply.

Even if for the sake of argument, however, the holding by the Investors of the Properties through the Parent Trust and Operating Trusts were treated as a transaction that is relevant for purposes of Section 7701(o), such transaction should be respected because (i) the Investors' economic positions are meaningfully changed as a result of entering into the transactions herein; and (ii) there is a substantial purpose (apart from federal income tax effects) for the Investors for entering into the transactions. Such substantial purpose is to enable each Investor to be treated as a direct owner of a portion of the Properties for federal income tax purposes. Furthermore, each Investor's economic position changes in a

[140] *Id.*

[141] *See, e.g., Klamath Strategic Investment Fund v. U.S.*, 568 F.3d 537, (5th Cir. 2009); *Coltec v. U.S.*, 454 F.3d 1340 (Fed. Cir. 2006); *United Parcel Service of America, Inc.*, 254 F.3d at 1014.

meaningful way as it will be given an opportunity to own an interest in the Properties in a manner that it might not otherwise be able to do on its own accord due to its respective individual financial limitations. In addition, each Investor will have a right to its pro rata share of all income and loss generated by the bona fide, profit-seeking business of operating the Properties, and the allocation of all economic benefits and burdens associated with the Properties will correspond to the respective Interest owned by each Investor. For the foregoing reasons, the Parent Trust's and the Operating Trusts' transactions and contractual arrangements herein should be respected under the economic substance doctrine.

B. Sham Transaction Doctrine.

1. Applicable Rules.

Under the sham transaction doctrine, a transaction may be disregarded if it constitutes a factual sham or an economic sham. A factual sham is a purported transaction that is not executed as a factual matter.[142] In contrast, an economic sham is a transaction that has occurred, but is devoid of economic substance.[143] In general, the economic sham doctrine will not be applied if the taxpayer can prove that there is either a business purpose for, or economic substance to, the given transaction.[144]

The application of the sham transaction doctrine is extremely fact specific, and has led courts to render somewhat inconsistent rulings in this area. For example, the Third Circuit in *ACM Partnership v. Commissioner* disregarded the capital loss that arose from a complex, multi-step partnership transaction.[145] The court ultimately concluded that the steps involved in the transaction lacked a non-tax economic effect and did not possess a significant non-tax business purpose.[146] The Third Circuit nevertheless recognized that "it is well established that where a transaction objectively affects the taxpayer's net economic position, legal relations, or non-tax business interests, [a transaction] would not be disregarded merely because it was motivated by tax considerations."[147] The transaction at issue in *Boca Investerings Partnership v. United States*[148] was similar to the *ACM* transaction, but the District Court for the District of Columbia respected the partnership

---

142 *Brown v. Comm'r*, 85 T.C. 968, 1000 (1985), *aff'd sub nom, Sochin v. Comm'r*, 843 F.2d 351 (9th Cir. 1988); Brion D. Graber, Can the Battle be Won? Compaq, the Sham Transaction Doctrine, and a Critique of Proposals to Combat the Corporate Tax Shelter Dragon, 149 U. Pa. L. Rev. 355, 362-63 (Nov. 2000).

143 *Gregory*, 293 U.S. 465; *Knetsch*, 364 U.S. at 366 ("There may well be single-premium annuity payments with non-tax substance which create an 'indebtedness' for the purposes of Section 23(b) of the 1939 Code and Section 163(a) of the 1954 Code. But this one is a sham."); *Goldstein*, 364 F.2d at 742 ("[T]ransactions that lack all substance, utility, purpose, and which can only be explained on the ground the taxpayer sought an interest deduction in order to reduce his taxes, will also be so transparently arranged that they can candidly be labeled 'shams.'"), *cert. denied*, 385 U.S. 1005 (1967); *Alessandra v. Comm'r*, T.C. Memo 1995-238.

144 *Rice's Toyota World*, 81 T.C. at 203 ("Our analysis does not end here. Mr. Rice's failure to focus on the business or non-tax aspects of the transaction is not necessarily fatal to petitioner's claim. If an objective analysis of the investment indicates a realistic opportunity for economic profit which would justify the form of the transaction, it will not be classified as a sham."); *see also Frank Lyon Co.*, 435 U.S. 561.

145 157 F.3d 231, 263 (3d Cir. 1998).

146 *Id.* at 247.

147 *Id.* at 248, fn. 31.

148 167 F. Supp. 2d 298 (D.D.C. 2001).

transactions at issue in that case. The *Boca* court concluded that the partnership had been formed as a valid investment partnership. It had the potential to make a profit or loss from its activities, and the partners were not sheltered from economic risk or guaranteed a specific return on their respective partnership investments.

The Fifth and Eighth Circuits have held that certain foreign tax credit planning strategies implemented to achieve tax benefits must be recognized under the sham transaction doctrine because the transactions were sufficiently imbued with both economic substance and business purpose. The Fifth Circuit in *Compaq Computer Corporation v. Commissioner*[149] reversed a decision of the Tax Court, and held that a purchase and immediate resale of American depository receipts ("ADRs") of a foreign publicly traded corporation possessed economic substance. Specifically, the court concluded that the transaction had objective economic substance because tax was Compaq's principal, but not sole, purpose in entering into the transaction.[150] As a result, Compaq could credit the foreign taxes associated with the dividend.[151] The Eighth Circuit came to a similar conclusion in *IES Industries, Inc. v. United States*,[152] which reversed a district court decision that a purchase and sale of ADRs were sham transactions.

There are a number of cases in this area that are difficult to reconcile. Nevertheless, the main point that appears to underlie all of the cases is the principle enunciated by Judge Learned Hand in *Gregory v. Helvering* - *i.e.*, that tax motivated transactions are not per se invalid, provided there is some non-tax business purpose for the transaction.[153]

2. Analysis.

The sham transaction doctrine should also not apply to recharacterize the Parent Trust's and the Operating Trusts' contractual arrangements because all of the component steps necessary to implement the proposed contractual arrangements will actually occur. Moreover, the economic sham concept should not apply to the instant case because the parties have a substantial business purpose in undertaking the investment in the Interests, and, as discussed above, the transactions will have economic substance. Thus, the sham transaction doctrine should not be applied to recharacterize the contractual arrangements and transactions at issue.

C. The Substance-Over-Form and Step Transaction Doctrines.

1. Applicable Rules.

---

149 277 F.3d 778 (5th Cir. 2001), *rev'g*, 113 T.C. 214 (1999).

150 *Id*. at 786-87.

151 *Id*. at 788.

152 *IES Industries, Inc. v. U.S.*, 253 F.3d 350 (8th Cir. 2001), *rehearing denied sub nom., Alliant Energy Corp. v. U.S.*, 2001 U.S. App. LEXIS 24929 (8th Cir. 2001) (the facts of Compaq Computer and of IES Industries are in large part identical because the strategy upon which the transactions were based was developed and marketed by the same securities broker).

153 69 F.2d 809, 810 (2d Cir. 1934) ("Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes.") *aff'd.* 293 U.S. 465 (1935).

Baker McKenzie.

It is an oft-cited principle that taxpayers generally are free to structure their business transactions as they please, even if motivated by tax avoidance considerations.[154] However, as a general rule, the incidence of taxation depends on the substance rather than the form of a transaction. Under the substance-over-form doctrine, a court should respect the form of a transaction where it accurately reflects the underlying substance. "If, however, the substance and form of a transaction do not comport, then the substance of the transaction controls for purposes of U.S. federal tax law."[155]

In determining whether the form of a transaction reflects the substance of the transaction, a taxpayer's motivations are "largely irrelevant – what instead is important is, in the words of *Gregory*, 'what was done.'"[156] "To determine the substance of the transactions, we consider all of their aspects that shed any light upon their true character."[157]

Courts may recharacterize transactions using the substance-over-form doctrine in cases where mere formalities were designed to make a transaction appear to be other than what it was.[158] For example, in *Court Holding*, a corporation entered into an oral agreement to sell its sole asset; however, before the sale was consummated, the corporation's tax attorney advised that the sale would result in the imposition of a large income tax on the corporation. To avoid this tax liability, and upon advice of its tax attorney, the corporation changed the transaction by having the corporation declare a liquidating dividend to its shareholders, and having the shareholders enter into a written agreement with the same purchaser on substantially the same terms and conditions previously agreed upon by the corporation. The Supreme Court affirmed the Tax Court's holding that the sale by the shareholders was in substance a sale by the corporation.

The application of any substance-over-form doctrine is extremely fact specific, which has led courts to render somewhat inconsistent rulings in this area.[159] There are a number of cases in this area that are difficult to reconcile. Nevertheless, as enunciated by Judge Learned Hand in *Gregory v. Helvering*: "Any one may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes."[160]

A subset or derivation of the substance over form doctrine is the step transaction doctrine. Courts have applied three separate versions of the so-called "step transaction doctrine" to determine whether purportedly separate steps should be combined as components of a single transaction: (i) the "end result" test, (ii) the "mutual interdependence" test, and (iii) the "binding commitment" test.[161] Nevertheless, the IRS cannot use the step transaction doctrine to invent steps that did not occur or recast a transaction into another transaction

---

154 *See Gregory*, 293 U.S. 465 (1935); *Rice's Toyota World*, 81 T.C. at 196.
155 *AWG Leasing Trust v. U.S.*, 592 F. Supp. 2d 953 (N.D. Ohio 2008).
156 *Principal Life Ins. Co. & Subs. v. U.S.*, 70 Fed. Cl. 144 (2006).
157 *Communications Satellite Corp. v. U.S.*, 625 F.2d 997, 1000 (1980).
158 *Court Holding Co.*, 324 U.S. 331.
159 *See, e.g., ACM Partnership*, 157 F.3d at 263 (3d Cir. 1998); *Boca Investerings Partnership*, 167 F. Supp. 2d 298.
160 69 F.2d 809, 810 (2d Cir. 1934) *aff'd.* 293 U.S. 465 (1935).
161 Stephen S. Bowen, *The End Result Test*, 72 TAXES 722 (December 1994).

with the same number of steps.[162]

The Tax Court applied both the end result and mutual interdependence tests in *Andantech*. In *Andantech*, a U.S. partnership was formed with two non-U.S. partners to cause the foreign partners to recognize a significant portion of the income attributable to a sale-leaseback transaction that the partnership entered into with Comdisco.[163] Almost all of the partnership interests were then contributed to a U.S. indirect subsidiary of a U.S. bank, so that the bank could enjoy the benefits of the losses (attributable to interest and depreciation) generated by the partnership's lease arrangement with Comdisco.[164] The Tax Court, applying both the end result and mutual interdependence tests, concluded that a more direct characterization of the transaction was a direct sale-leaseback arrangement between Comdisco and bank's subsidiary.[165] The court analyzed a number of facts in reaching this conclusion, but the salient fact was that all of the parties intended the ultimate result (i.e., that bank's subsidiary would participate in the lease) and the intermediate steps were meaningless apart from tax considerations.

The Second Circuit rejected a somewhat similar argument by the IRS in *Grove v. Commissioner*.[166] The IRS in *Grove* attempted to reorder a donation of stock followed by a redemption as a redemption of the stock followed by a gift of cash.[167] The Tax Court refused to permit the IRS to recast the transaction, reasoning that there was no reason to recast the form of the transaction chosen by the taxpayer, even though the form was tax-motivated.[168] The only effect of the IRS's recast would be to create a tax liability in a transaction form that was no more direct than the form chosen by the taxpayer. Thus, the mere fact that a taxpayer considers the federal income tax effects of a transaction in its planning should not transform a non-taxable event into a taxable event.

---

[162] *Esmark, Inc. v. Comm'r*, 90 T.C. 171, 196 (1988) ("Respondent proposes to recharacterize the tender offer/redemption as a sale of the Vickers shares followed by a self-tender. This characterization does not simply combine steps; it invents new ones. Courts have refused to apply step-transaction in this manner"), *aff'd without published opinion*, 886 F.2d 1318 (7th Cir. 1989).

[163] T.C. Memo 2002-97.

[164] Id.

[165] *Id*.

[166] 490 F.2d 241, 247 (2d Cir. 1973).

[167] *Id*. at 245.

[168] *Id.* at 247 ("We are not so naive as to believe that tax considerations played no role in Grove's planning. But foresight and planning do not transform a non-taxable event into one that is taxable. Were we to adopt the Commissioner's view, we would be required to recast two actual transactions — a gift by Grove to RPI and a redemption from RPI by the Corporation — into two completely fictional transactions — a redemption from Grove by the Corporation and a gift by Grove to RPI. Based upon the facts as found by the Tax Court we can discover no basis for elevating the Commissioner's 'form' over that employed by the taxpayer in good faith.").

Baker McKenzie.

2. Analysis.

The Parent Trust's and the Operating Trusts' contractual arrangements should be respected according to their form because their form is consistent with the underlying substance (i.e., the acquisition by the Investors of undivided fractional interests in the Properties), and there is a substantial business purpose for such form. Moreover, the allocation of all economic benefits and burdens associated with the Properties correspond to the respective Interests in the Trusts owned by each Investor such that the substance of the economic arrangement among the parties is consistent with the form.

The step transaction doctrine should not be applicable to the Parent Trust's and the Operating Trusts' contractual arrangements. In this case, the Investors constitute a separate, diverse and unrelated group desiring to acquire a portion of the Properties as offered by the Parent Trust under a private placement of the Interests. Thus, the ultimate result of the contractual arrangements (i.e., collective ownership of the Properties by an unrelated group of Investors) can only be achieved if the intermediate steps of (i) the Operating Trusts acquiring the Properties, and (ii) offering the Interests for sale to the Investors is first undertaken. Thus, the step transaction doctrine should not be applied to recharacterize the transaction steps utilized to implement the proposed contractual arrangement. Moreover, even if the IRS were to collapse the transaction steps together, the resulting transaction (a direct purchase of the Properties by the Investors) should not significantly change the resulting federal income tax effect of the Parent Trust's and the Operating Trusts' contractual arrangements.

****

A number of issues discussed in this opinion have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Each prospective Investor must consult its own tax counsel about the tax consequences of an investment in an Interest, including the tax consequences applicable to such prospective Investor under the TCJA.

This opinion is solely for your information and assistance with respect to the sale of Interests in the Properties. Each prospective Investor is encouraged to consult with his or her tax advisor in determining whether to purchase an Interest. Other than as set forth herein, this opinion may not be relied upon, circulated, quoted or otherwise referred to by any other person or for any other purpose, including in connection with any other transaction or arrangement, nor may copies of this opinion be delivered to any other person without our prior written consent. This opinion does not address any tax consequences of the acquisition of an Interest other than those specifically addressed herein. This opinion

Baker McKenzie.

is not applicable as to any individual tax consequences of an Investor or the individual application of the Section 1031 rules to such Investor. Our willingness to render the opinion set forth herein neither implies, nor should be viewed as implying, any approval or recommendation of an investment in the Properties.

In rendering our opinion, we have considered the applicable provisions of the Code, final, temporary and proposed regulations thereunder, pertinent judicial authorities, interpretive rulings and revenue procedures issued by the IRS and such other authorities as we have considered relevant as of the date of this opinion. It should be noted that statutes, regulations, judicial decisions and administrative interpretations are subject to change at any time and, in some cases, with retroactive effect. This opinion is not binding upon the IRS or courts of applicable jurisdiction, which may disagree with all or any portion of the opinion expressed herein. We undertake no obligation to update the opinions expressed herein after the date of this letter. Furthermore, our opinion is conditioned upon the accuracy and completeness of the representations set forth in the Representation Letter. This opinion does not address any other tax consequences of the acquisition of an Interest.

****

This opinion is written to support the promotion and marketing of the proposed transaction, and each prospective Investor should seek advice based on the Investor's particular circumstances from an independent tax advisor.

****

We are furnishing this opinion solely in connection with the sale of the Interests described herein. Accordingly, the Parent Trust may only circulate this opinion in connection with the sale of the Interests to potential Investors. This opinion may be relied upon by Investors in connection with their purchase of Interests, but may not be relied upon, circulated, quoted or otherwise referred to by any other person or for any other purpose, including in connection with any other transaction or arrangement, nor may copies of this opinion be delivered to any other person without our prior written consent.

Very truly yours,

Baker & McKenzie LLP

Baker & McKenzie LLP

EXHIBIT D

FORECASTED STATEMENT OF CASH FLOWS

(This page has been left blank intentionally.)

Assumptions and Notes for the Forecast

IMPORTANT NOTE TO INVESTORS: CHRISTOPHER TODD LICENSING, LLC DBA CHRISTOPHER TODD COMMUNITIES AND ITS AFFILIATES HAVE NOT REVIEWED OR ENDORSED ANY FINANCIAL INFORMATION OR PROJECTIONS MADE BY THE PARENT TRUST IN THIS OFFERING, INCLUDING THIS FORECASTED STATEMENT OF CASH FLOWS.

The forecasts set forth on the following pages are estimates which are based on certain assumptions, as set forth below, and may vary. Please consult the "Risk Factors" section of the Memorandum for events that may cause the actual results to differ. The discussion and forecasts that follow are not intended to constitute legal, accounting or tax advice. Each Investor should consult his, her or its own independent attorneys and other tax advisors regarding a prospective investment, and the tax implications of the Investor's acquisition of the Interests, including whether such acquisition will qualify as part of a proposed Section 1031 Exchange, if one is contemplated.

1 Acquisitions

Operating Trust	Parent Trust Ownership %	Purchase Price	Acquisition Date	Appraised As-Is Value	Date of Value
Country Place AZ Multifamily DST	100.00%	$36,960,000	03/12/2020	$39,300,000	01/16/2020
Marley Park AZ Multifamily DST	100.00%	$41,693,000	04/03/2020	$43,400,000	01/16/2020
Space Coast Multfiamily DST	100.00%	$70,720,000	03/24/2020	$70,900,000	12/02/2019
Total	**100.00%**	**$149,373,000**		**$153,600,000**	

2 Financing

Borrower	Lender	Loan Amount	Interest Rate
Country Place AZ Multifamily DST	NorthMarq Capital Finance L.L.C.	$22,101,000	3.16%
Marley Park AZ Multifamily DST [1]	NorthMarq Capital Finance L.L.C.	$22,931,000	2.88%
Space Coast Multfiamily DST [1]	KeyBank National Association	$38,896,000	3.15%

[1] The Loan terms for the Marley Park Loan and Space Coast Loan have not been finalized.

3 Maximum Offering Amount

The total acquisition cost for the acquisition of the Properties, comprised of the purchase price of the Properties, the acquisition closing costs and financing costs, is $151,130,133. The difference between the total acquisition cost and the total proceeds of $164,823,627 from the Offering represents all estimated costs and expenses related to the offering, marketing, and transferring of the Interests, the initial contributions to the Reserve Accounts, and the payment of an acquisition fee to IPC in the amount of $3,296,473. The annualized cash on cash return is calculated based on the $80,895,627 of Interests.

4 Operating Assumptions

Income / Expenses	Country Place AZ Multifamily DST	Marley Park AZ Multifamily DST	Space Coast Multfiamily DST
Initial Gross Potential Rent	$2,514,423	$2,790,333	$5,772,586
Residential Rent Growth Factor	2021: 2.98% 2022: 3.00% 2033: 2.73% 2.50% thereafter	2021: 2.98% 2022: 3.00% 2033: 2.73% 2.50% thereafter	2021: 1.99% 2.00% thereafter
Initial Other Income			
Garage/Parking Income	$31,660	$43,255	$187,304
Utility Reimbursement	$95,546	$157,473	$137,920
Fee Income	$430,332	$471,789	$183,269
Residential Other Income Growth Factor	2021: 2.98% inflation factor of 3.00% thereafter	2021: 2.98% inflation factor of 3.00% thereafter	2021: 2.98% inflation factor of 3.00% thereafter
Loss to Lease	5.00%	9.00%	2.06%, decreasing 50 basis points annually to a stabilized rate of 0.25% in year 2024
Stablized Vacancy	Initial factor of 7.00%, decreasing annually to a stabilized factor of 6.00% in year 2023	Initial factor of 12.60%, decreasing to 8.00% in year 2021 and a stabilized factor of 6.00% in year 2022	Initial factor of 7.75%, decreasing to a stabilized factor of 6.50% in year 2021
Discounts/Concessions/Bad Debt	Initial factor of 5.05%, decreasing annually to a stabilized factor of 2.65% in year 2023	Initial factor of 4.35%, decreasing annually to a stabilized factor of 2.60% in year 2023	2.15%
Controllable Expenses	2020: $492,255 2021 inflation factor of 2.98%; 3.00% thereafter	2020: $609,868 2021 inflation factor of 2.98%; 3.00% thereafter	2020: $887,206 2021 inflation factor of 2.98%; 3.00% thereafter
Utilities Expense	$261,290 2021 inflation factor of 2.98%; 3.00% thereafter	$373,399 2021 inflation factor of 2.98%; 3.00% thereafter	$250,015 2021 inflation factor of 2.98%; 3.00% thereafter
Insurance Expense	$43,892 2021 inflation factor of 5.32%; 3.00% thereafter	$52,238 2021 inflation factor of 5.32%; 3.00% thereafter	$252,178 2021 inflation factor of 5.32%; 3.00% thereafter
Real Estate Taxes	2020: $290,733 2021: $343,184 2022: $376,733 infation factor of 3.00% thereafter	2020: $214,896 2021: $289,867 2022: $318,226 infation factor of 3.00% thereafter	2020: $596,874 2021: $693,405 infation factor of 3.00% thereafter

5 **Management and Trustee Fees**

Fee	Country Place AZ Multifamily DST	Marley Park AZ Multifamily DST	Space Coast Multfiamily DST	Parent Trust
Asset Management Fee (Annually) [1]	$73,920	$83,386	$141,440	N/A
Asset Management Fee (Monthly)	$6,160	$6,949	$11,787	N/A
Property Management Fee	3.0% of the gross income generated by each Property for the month in which the payment is made. [2]			N/A
Trustee and Administrative Fee [2]	$2,500	$2,500	$2,500	$5,500

[1] The Asset Managers will waive a portion of their respective Asset Management Fee, as further outlined in the forecast.

[2] The Trustee Fee consists of an annual fee to CT Corporation Staffing, Inc. for its service as Delaware Trustee to the Trusts, and other administrative fees (with a 3% inflation factor).

6 **Initial Master Lease Rent and Breakpoints**

Rent / Breakpoints (2020)	Country Place AZ Multifamily DST	Marley Park AZ Multifamily DST	Space Coast Multfiamily DST
(1) Base Rent (on an annual basis)	$1,141,160	$1,142,403	$2,005,805
(2) Additional Rent (maximum / year) [1]	$495,400	$668,400	$1,400,500
Additional Rent Breakpoint	$2,354,000	$2,522,000	$4,236,000
(3) Supplement Rent	90% of the amount by which annual Gross Income exceeds the Supplement Rent Breakpoint.		
Supplement Rent Breakpoint	$2,849,400	$3,190,400	$5,636,500

[1] Additional Rent is the amount by which annual Gross Income (as defined in each Master Lease) exceeds the Additional Rent Breakpoint for that year, as provided in each Master Lease.

7 **Reserve Accounts**

Reserve	Country Place AZ Multifamily DST	Marley Park AZ Multifamily DST	Space Coast Multfiamily DST
Trust Reserve - Initial Contribution	$835,000	$886,750	$677,800
2020 Maximum Annual Contribution	$231,000	$211,925	$210,800
Reserve Minimum Balance	$100,000	$100,000	$100,000
Reserve Maximum Balance	$750,000	$850,000	$1,000,000
Lender Reserves - Initial Contributions	$77,983	$86,500	$108,800
Annual Contribution	$0	$0	$0

8 **Capital Expenditures and Improvements**

Operating Trust	Date of Assessment	Immediate Needs	Est. Long-Term Needs	Total Anticipated Needs
Country Place AZ Multifamily DST	01/24/2020	$44,590	$911,868	$956,458
Marley Park AZ Multifamily DST	01/24/2020	$45,860	$1,113,752	$1,159,612
Space Coast Multfiamily DST	12/11/2019	$392,100	$1,382,855	$1,774,955
Portfolio Total		**$482,550**	**$3,408,475**	**$3,891,025**

9 **Depreciable Basis for Non-1031 Investors**

The Forecasted Statement of Cash Flows depicts the Tax Equivalent Yield and the Percentage of Income Sheltered for non-1031 investors, through the Offering, and is based on the following depreciation assumptions. Allocations to building and site are derived from the Cost Approach section of the Appraisals.

Property	Building	Site
Country Place AZ Multifamily DST	87.33%	5.41%
Marley Park AZ Multifamily DST	86.07%	5.30%
Space Coast Multfiamily DST	88.94%	4.43%
Portfolio Total	**87.80%**	**4.89%**

Based on certain amounts provided in the Cost Approach section of the Appraisals, aggregate depreciable basis is allocated as indicated in the chart below. The building allocation amount is depreciated over 30 years and the site allocation amount is depreciated annually according to the Modified Accelerated Cost Recovery System (MACRS) method of accelerated asset depreciation required by Internal Revenue Code. The calculations are also based on an assumed effective tax rate of 40% of taxable income.

Offering Price less Initial Reserves	Building	Site
$162,150,794	$142,373,405	$7,935,777

10 **Allocated Offering Price**

The Parent Trust has estimated the amount of the Offering Price (defined as the sum of the total Offering proceeds and the total loan proceeds, as set forth in the Estimated Use of Proceeds table in the Memorandum) allocated to each Property as set forth in the chart below.

Operating Trust	Allocated Offering Price ($)[1]	Allocated Percentage of Total Offering Price
Country Place AZ Multifamily DST	$40,995,282	24.87%
Marley Park AZ Multifamily DST	$46,342,123	28.12%
Space Coast Multfiamily DST	$77,486,223	47.01%
Portfolio Total	**$164,823,627**	**100.00%**

[1] The dollar amount allocated to each Property is the sum of each Property's respective acquisition price (including any debt used to purchase the Property), reserves and costs associated with the acquisition, financing and the Offering. See "*Estimated Use of Proceeds*" in the Memorandum for a more detailed discussion of acquisition and financing costs.

Financial Highlights

Sun Belt Multifamily Portfolio III DST

Country Place AZ Multifamily DST, Marley Park AZ Multifamily DST and Space Coast Multifamily DST

OFFERING SUMMARY

Offering Price		
Stabilized Proforma Net Operating Income		$7,017,341
Capitalization Rate [1]		4.33%
Offering Price		**$164,823,627**
Offering Proceeds	49.08%	$80,895,627
Loan Proceeds	50.92%	$83,928,000

Financing Terms	**Country Place AZ Multifamily DST**	**Marley Park AZ Multifamily DST (Anticipated)**	**Space Coast Multifamily DST (Anticipated)**
Mortgage Principal	$22,101,000	$22,931,000	$38,896,000
Interest Rate	3.16%	2.88%	3.15%
Initial Annual Payment	$708,091	$669,585	$1,242,241
Initial Annual Principal and Interest Payment	$1,141,160	$1,142,403	$2,005,805
Amortization	7 I/O; 3/30	7 I/O; 3/30	7 I/O; 3/30
Maturity Date	10 Years	10 Years	10 Years

Forecasted 2020 Return (9 Months)	
Additional Rent	$2,964,563
Asset Management Fee	($224,060)
Trustee and Administrative Fee	($11,125)
Cash from Additional Rent	**$2,729,379**
Supplemental Rent	$49,403
Trust Reserve Contribution	($49,403)
Net Cash Flow	**$2,729,379**
Annualized Cash on Cash Return	**4.50%**

ESTIMATED USE OF PROCEEDS

Sources	
Offering Proceeds	$80,895,627
Loan Proceeds	$83,928,000
Total Sources	**$164,823,627**

Application		% of Offering Proceeds	% of Total Proceeds
Selling Commissions and Fees			
Selling Commission	$4,853,738	6.00%	2.94%
Dealer Fee	$1,011,195	1.25%	0.61%
Placement Agent Fee	$1,334,778	1.65%	0.81%
Organization & Offering Expenses	$524,478	0.65%	0.32%
Total	$7,724,189	9.55%	4.69%
Costs of Acquisition			
Total Acquisition Cost	$151,130,133		91.69%
Acquisition Fee	$3,296,473		2.00%
Initial Lender Reserves	$273,283		0.17%
Initial Trust Reserves	$2,399,550		1.46%
Total	$157,099,438		95.31%
Total Application	**$164,823,627**		

Total Acquisition Cost	**Country Place AZ Multifamily DST**	**Marley Park AZ Multifamily DST**	**Space Coast Multifamily DST**	**Total**
Real Estate Acquisition Price	$36,960,000	$41,693,000	$70,720,000	$149,373,000
Acquisition Closing Costs				
Closing and Title Costs	$16,000	$16,000	$18,851	$50,851
Third Party Reports	$56,334	$56,193.88	$61,872	$174,400
Legal Costs	$37,000	$37,000	$62,731	$136,731
Acquisition and Due Diligence Overhead	$129,130	$143,329	$249,890	$522,349
	$238,464	$252,523	$393,344	$884,331
Financing Closing Costs				
Lender Closing & Transfer Costs	$225,766	$232,931	$296,264	$754,961
Mortgage Tax	$0	$0	$33,913	$33,913
Affiliate Loan Processing Fee	$22,101	$22,931	$38,896	$83,928
	$247,867	$255,862	$369,073	$872,802
Total Acquisition Cost				$151,130,133

[1] The Capitalization Rate equals the quotient of (a) the Second Year Proforma Net Operating Income divided by (b) the Offering Price less any amounts initially allocated to the Reserve Account(s).

Forecasted Statement of Cash Flows

Sun Belt Multifamily Portfolio III DST

Country Place AZ Multifamily DST, Marley Park AZ Multifamily DST and Space Coast Multifamily DST

Forecasted Cash on Cash Return	(9 Months) 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	(3 Months) 2030
Aggregate Effective Gross Income	$8,601,367	$12,031,221	$12,494,206	$12,863,471	$13,184,525	$13,495,055	$13,812,852	$14,138,303	$14,471,597	$14,812,927	$3,790,623
Aggregate Net Operating Income	$5,099,694	$7,017,341	$7,283,931	$7,497,055	$7,659,061	$7,806,378	$7,956,127	$8,108,544	$8,263,671	$8,421,547	$2,145,554
Aggregate Master Lease Rent											
Aggregate Base Rent	$3,217,027	$4,289,369	$4,289,369	$4,289,369	$4,289,369	$4,289,369	$4,289,369	$4,289,369	$4,289,369	$4,289,369	$1,072,342
Aggregate Debt Service	$1,964,938	$2,619,918	$2,619,918	$2,619,918	$2,627,096	$2,619,918	$2,619,918	$3,728,100	$4,289,369	$4,289,369	$1,072,342
Aggregate Excess Base Rent	$1,252,088	$1,669,451	$1,669,451	$1,669,451	$1,662,273	$1,669,451	$1,669,451	$561,269	$0	$0	$0
Master Tenant Base Income [1]	$115,300	$152,751	$153,356	$153,215	$153,168	$152,954	$152,905	$152,872	$153,705	$153,251	$38,089
Additional Rent											
Country Place AZ Multifamily DST	$311,155	$440,909	$495,500	$495,500	$497,500	$495,600	$495,600	$744,152	$787,784	$833,759	$220,035
Marley Park AZ Multifamily DST	$350,945	$590,731	$668,500	$668,500	$670,400	$668,600	$668,600	$951,354	$1,000,847	$1,051,002	$275,722
Space Coast Multifamily DST	$1,050,375	$1,250,000	$1,118,800	$1,118,900	$1,122,300	$1,118,900	$1,119,000	$1,695,200	$2,029,800	$2,067,900	$497,675
Aggregate Asset Management Fees	($224,060)	($298,746)	($298,746)	($298,746)	($298,746)	($298,746)	($298,746)	($298,746)	($162,810)	($298,746)	($74,687)
Aggregate Operating Trustee Fees	($5,625)	($7,500)	($7,500)	($7,500)	($7,500)	($7,500)	($7,500)	($7,500)	($7,500)	($7,500)	($1,875)
Trustee and Administrative Fees	($5,500)	($5,590)	($5,683)	($5,778)	($5,877)	($5,978)	($6,082)	($6,190)	($6,300)	($6,414)	($6,532)
Total Additional Rent Cash Flow [2]	**$2,729,379**	**$3,639,255**	**$3,640,322**	**$3,640,327**	**$3,640,351**	**$3,640,327**	**$3,640,323**	**$3,639,539**	**$3,641,821**	**$3,640,001**	**$910,339**
Initial Capital $80,895,627											
Additional Rent Cash on Cash Return	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**
Supplemental Rent											
Aggregate Master Tenant Supplemental Rent Income [3]	$5,489	$29,358	$55,841	$77,157	$92,632	$108,096	$123,065	$27,560	$217	$2,627	$4,169
Country Place AZ Multifamily DST	$0	$0	$8,704	$72,260	$107,303	$145,873	$184,684	$0	$0	$0	$0
Marley Park AZ Multifamily DST	$0	$0	$36,555	$87,436	$125,789	$169,631	$211,368	$0	$0	$0	$0
Space Coast Multifamily DST	$49,403	$264,223	$457,307	$534,718	$600,600	$657,356	$711,536	$248,038	$1,949	$23,639	$37,521
Aggregate Trust Reserve Contribution	($49,403)	($210,800)	($256,059)	($370,496)	($443,893)	($526,304)	($606,851)	($248,038)	($1,949)	($23,639)	($37,521)
Supplemental Rent Cash Flow [4]	**$0**	**$53,423**	**$246,507**	**$323,918**	**$389,800**	**$446,556**	**$500,736**	**$0**	**$0**	**$0**	**$0**
Total Cash Flow	**$2,729,379**	**$3,692,678**	**$3,886,829**	**$3,964,245**	**$4,030,151**	**$4,086,883**	**$4,141,059**	**$3,639,539**	**$3,641,821**	**$3,640,001**	**$910,339**
Total Cash on Cash Return	**4.50%**	**4.56%**	**4.80%**	**4.90%**	**4.98%**	**5.05%**	**5.12%**	**4.50%**	**4.50%**	**4.50%**	**4.50%**
Total Aggregate Master Tenant Income [1,3]	$120,790	$182,109	$209,197	$230,372	$245,800	$261,050	$275,971	$180,432	$153,921	$155,878	$42,258
Forecasted Principal Amortization											
Beginning Aggregate Principal Balance	$83,928,000	$83,928,000	$83,928,000	$83,928,000	$83,928,000	$83,928,000	$83,928,000	$83,928,000	$82,809,656	$81,087,895	$79,304,431
Aggregate Amortization	$0	$0	$0	$0	$0	$0	$0	$1,118,344	$1,721,761	$1,783,464	$462,989
Ending Principal Balance	$83,928,000	$83,928,000	$83,928,000	$83,928,000	$83,928,000	$83,928,000	$83,928,000	$82,809,656	$81,087,895	$79,304,431	$78,841,442
Loan to Offering Price	*50.92%*	*50.92%*	*50.92%*	*50.92%*	*50.92%*	*50.92%*	*50.92%*	*50.24%*	*49.20%*	*48.11%*	*47.83%*
Yield	**4.50%**	**4.56%**	**4.80%**	**4.90%**	**4.98%**	**5.05%**	**5.12%**	**5.88%**	**6.63%**	**6.70%**	**6.79%**

[1] The difference between the Base Rent and the Additional Rent Breakpoint for the Property for a given month, if any, after taking into account any expenses of the Property, will inure to the benefit of the Master Tenant and, therefore, IPC as the sole member of the Master Tenant. Such amounts will not be available for distributions to the Trust or the Investors.

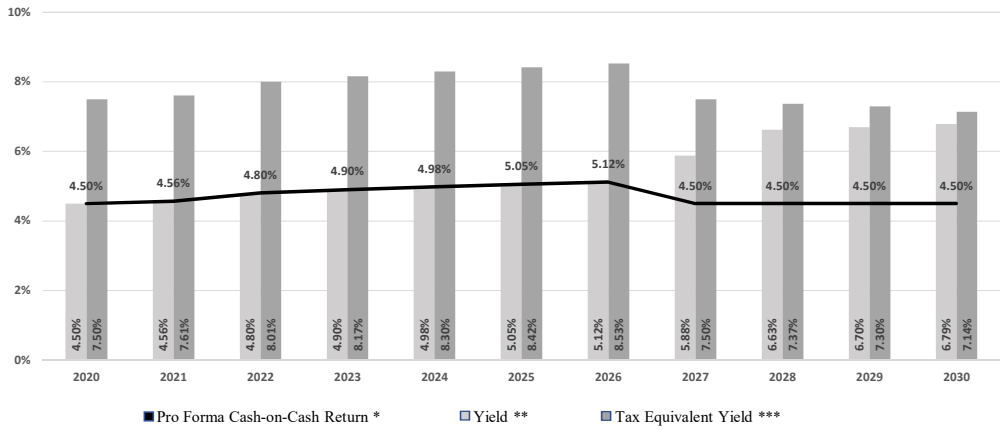
[2] Excess Base Rent (any amount of Base Rent after debt service) is included in the Total Additional Rent Cash Flow. The Additional Rent will be estimated and paid on a monthly basis with year-end reconciliation.

[3] Under the Master Lease, the Master Tenant will earn 10% of Gross Income exceeding the Supplemental Rent Breakpoint, as provided in the Master Lease.

[4] The Supplemental Rent will be paid annually within 90 days of the end of the calendar year.

Pro Forma Cash-on-Cash Returns*

(Paid Monthly)



* The "Pro Forma Cash-on-Cash Return" is calculated by taking the sum of the: (a) excess Base Rent (any amount of Base Rent after debt service); (b) Additional Rent; and (c) Supplemental Rent payable to the Operating Trust (as such terms are defined in the Memorandum). Additional Rent will be estimated and paid on a monthly basis with year-end reconciliation. Supplemental Rent will be paid annually within 90 days of the end of the calendar year.

** "Yield" is calculated by dividing the amounts distributed to investors plus any principal pay-down on debt over the indicated period divided by Investors' original capital investment.

*** Tax Equivalent Yield" represents the yield required to achieve an equivalent after tax cash flow on an interest-bearing investment, which has no shelter from depreciation and would be taxed at the effective tax rate. The calculations are based on an assumed effective tax rate of 40% of taxable income. Each prospective Investor should consult with his or her own legal, tax, accounting and financial advisors.

Forecast of Taxable Income

Sun Belt Multifamily Portfolio III DST

Country Place AZ Multifamily DST, Marley Park AZ Multifamily DST and Space Coast Multifamily DST

Tax Analysis for Non-1031 Investor [1]		(9 Months)										(3 Months)
		2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Total Cash Flow		$2,729,379	$3,692,678	$3,886,829	$3,964,245	$4,030,151	$4,086,883	$4,141,059	$3,639,539	$3,641,821	$3,640,001	$910,339
Principal Amortization		$0	$0	$0	$0	$0	$0	$0	$1,118,344	$1,721,761	$1,783,464	$462,989
Reserve Contributions		$49,403	$210,800	$256,059	$370,496	$443,893	$526,304	$606,851	$248,038	$1,949	$23,639	$37,521
Interest Earned		$7,802	$9,156	$9,865	$10,745	$11,984	$12,231	$10,601	$9,363	$8,314	$6,644	$1,295
Tax Depreciation:												
Building [2]		($3,559,335)	($4,745,780)	($4,745,780)	($4,745,780)	($4,745,780)	($4,745,780)	($4,745,780)	($4,745,780)	($4,745,780)	($4,745,780)	($1,186,445)
MACRS % [3]		5.00%	9.50%	8.55%	7.70%	6.93%	6.23%	5.90%	5.90%	5.91%	5.90%	5.91%
Site [4]		($396,789)	($753,899)	($678,509)	($611,055)	($549,949)	($494,399)	($468,211)	($468,211)	($469,004)	($468,211)	($117,251)
Estimated Taxable Income		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$159,061**	**$239,757**	**$108,448**
Before Tax Cash Flow		$2,729,379	$3,692,678	$3,886,829	$3,964,245	$4,030,151	$4,086,883	$4,141,059	$3,639,539	$3,641,821	$3,640,001	$910,339
Effective Tax Rate [5]	40.0%											
Income Tax		$0	$0	$0	$0	$0	$0	$0	$0	($63,624)	($95,903)	($43,379)
After Tax Cash Flow		$2,729,379	$3,692,678	$3,886,829	$3,964,245	$4,030,151	$4,086,883	$4,141,059	$3,639,539	$3,578,197	$3,544,098	$866,960
After Tax Return		4.50%	4.56%	4.80%	4.90%	4.98%	5.05%	5.12%	4.50%	4.42%	4.38%	4.29%
Tax Equivalent Yield		**7.50%**	**7.61%**	**8.01%**	**8.17%**	**8.30%**	**8.42%**	**8.53%**	**7.50%**	**7.37%**	**7.30%**	**7.14%**
Percentage Sheltered		**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**95.63%**	**93.41%**	**88.09%**

[1] This tax analysis only applies to Investors not seeking a tax-deferred exchange. Investors who defer taxes by investing in this Offering carry differing tax bases in their relinquished properties. Therefore, depreciation will vary for such Investors, producing different tax shelters and tax equivalent yields. Tax savings that result from the above described tax shelter would be recaptured upon sale of the Property unless the Investor chooses to participate in a subsequent tax-deferred exchange. Each prospective Investor should consult with his or her own legal, tax, accounting and financial advisors.

The Tax Equivalent Yield represents the yield required to achieve an equivalent After Tax Cash Flow on an interest-bearing investment, which has no shelter from depreciation and would be taxed at the Effective Tax Rate. The Tax Equivalent Yield (TEY) is equal to the After Tax Return (ATR) divided by one minus the Effective Tax Rate (ETR). TEY=ATR/(1-ETR).

[2] Allocations to building and site are derived from the Cost Approach section of the appraisals. 87.80% of the property costs are allocated to the building. Additionally, straight-line, 30-year depreciation is

[3] MACRS (Modified Accelerated Cost Recovery System) is the current method of accelerated asset depreciation required by the Internal Revenue Code.

[4] Allocations to building and site are derived from the Cost Approach section of the appraisals. 4.89% of the property costs are allocated to the site.

[5] Assumed to be a combined federal and state income tax rate of 40%.

Forecasted Statement of Cash Flows

Country Place AZ Multifamily DST

Christopher Todd Communities at Country Place located in Tolleson, Arizona

Forecasted Cash on Cash Return

	(9 Months)										(3 Months)
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Effective Gross Income	$2,076,655	$2,874,909	$3,001,171	$3,111,789	$3,192,726	$3,275,681	$3,360,804	$3,448,152	$3,537,784	$3,629,759	$931,035
Net Operating Income	$1,198,228	$1,623,257	$1,687,515	$1,758,106	$1,798,805	$1,840,327	$1,882,784	$1,926,196	$1,970,583	$2,015,967	$515,592
Master Lease Rent											
Base Rent	$855,870	$1,141,160	$1,141,160	$1,141,160	$1,141,160	$1,141,160	$1,141,160	$1,141,160	$1,141,160	$1,141,160	$285,290
Debt Service	$531,069	$708,091	$708,091	$708,091	$710,031	$708,091	$708,091	$995,510	$1,141,160	$1,141,160	$285,290
Excess Base Rent	$324,801	$433,068	$433,068	$433,068	$431,128	$433,068	$433,068	$145,649	$0	$0	$0
Master Tenant Base Income [1]	$31,203	$41,188	$41,184	$41,157	$40,919	$41,486	$40,820	$40,884	$41,640	$41,048	$10,268
Additional Rent											
Additional Rent Breakpoint	$1,765,500	$2,434,000	$2,496,000	$2,536,000	$2,576,000	$2,618,000	$2,660,000	$2,704,000	$2,750,000	$2,796,000	$711,000
Additional Rent	$311,155	$440,909	$495,500	$495,500	$497,500	$495,600	$495,600	$744,152	$787,784	$833,759	$220,035
Asset Management Fee	($55,440)	($73,920)	($73,920)	($73,920)	($73,920)	($73,920)	($73,920)	($73,920)	($36,960)	($73,920)	($18,480)
Trustee Fee	($1,875)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($625)
Additional Rent Cash Flow [2]	**$578,641**	**$797,557**	**$852,148**	**$852,148**	**$852,208**	**$852,248**	**$852,248**	**$813,382**	**$748,324**	**$757,339**	**$200,930**
Supplemental Rent											
Supplemental Rent Breakpoint	$2,137,050	$2,929,500	$2,991,500	$3,031,500	$3,073,500	$3,113,600	$3,155,600	$3,487,100	$3,641,800	$3,724,800	$943,200
Master Tenant Supplemental Rent Income [3]	$0	$0	$967	$8,029	$11,923	$16,208	$20,520	$0	$0	$0	$0
Supplemental Rent	$0	$0	$8,704	$72,260	$107,303	$145,873	$184,684	$0	$0	$0	$0
Trust Reserve Account	$0	$0	($8,704)	($72,260)	($107,303)	($145,873)	($184,684)	$0	$0	$0	$0
Supplemental Rent Cash Flow [4]	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Cash Flow	**$578,641**	**$797,557**	**$852,148**	**$852,148**	**$852,208**	**$852,248**	**$852,248**	**$813,382**	**$748,324**	**$757,339**	**$200,930**
Total Master Tenant Income [1, 3]	$31,203	$41,188	$42,152	$49,186	$52,842	$57,695	$61,341	$40,884	$41,640	$41,048	$10,268

Forecasted Principal Amortization

Beginning Loan Balance	$22,101,000	$22,101,000	$22,101,000	$22,101,000	$22,101,000	$22,101,000	$22,101,000	$22,101,000	$21,810,873	$21,363,888	$20,900,416
Principal Amortization	$0	$0	$0	$0	$0	$0	$0	$290,127	$446,985	$463,473	$120,469
Ending Loan Balance	**$22,101,000**	**$22,101,000**	**$22,101,000**	**$22,101,000**	**$22,101,000**	**$22,101,000**	**$22,101,000**	**$21,810,873**	**$21,363,888**	**$20,900,416**	**$20,779,947**

Forecasted Lender Reserve Account

Replacement Reserve Account	(9 Months)										(3 Months)
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983
Reserve Contribution	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Expenditures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ending Balance	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983	$77,983

Forecasted Trust Reserve Account

		(9 Months)										(3 Months)
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance		$835,000	$712,080	$708,327	$678,794	$733,524	$789,880	$880,632	$551,395	$455,958	$409,801	$363,921
Seller Credit		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Reserve Contribution		$0	$0	$8,704	$72,260	$107,303	$145,873	$184,684	$0	$0	$0	$0
Property Improvements		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Expenditures		($125,815)	($7,296)	($41,696)	($21,053)	($54,746)	($59,287)	($517,492)	($97,949)	($48,316)	($47,809)	($91,187)
Interest Income	0.5%	$2,895	$3,542	$3,459	$3,522	$3,799	$4,166	$3,571	$2,512	$2,159	$1,929	$398
Ending Balance		$712,080	$708,327	$678,794	$733,524	$789,880	$880,632	$551,395	$455,958	$409,801	$363,921	$273,132

[1] The difference between the Base Rent and the Additional Rent Breakpoint for the Property for a given month, if any, after taking into account any expenses of the Property, will inure to the benefit of the Master Tenant and, therefore, IPC as the sole member of the Master Tenant. Such amounts will not be available for distributions to the Trust or the Investors.

[2] Excess Base Rent (any amount of Base Rent after debt service) is included in the Additional Rent Cash Flow. The Additional Rent will be estimated and paid on a monthly basis with year-end reconciliation.

[3] Under the Master Lease, the Master Tenant will earn 10% of Gross Income exceeding the Supplemental Rent Breakpoint, as provided in the Master Lease.

[4] The Supplemental Rent will be paid annually within 90 days of the end of the calendar year.

Net Operating Income

Country Place AZ Multifamily DST

Christopher Todd Communities at Country Place located in Tolleson, Arizona

	(9 Months)										(3 Months)
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Market Rental Income	**$1,985,071**	**$2,725,612**	**$2,807,380**	**$2,883,958**	**$2,956,057**	**$3,029,958**	**$3,105,707**	**$3,183,350**	**$3,262,934**	**$3,344,507**	**$857,030**
Loss to Lease	($99,254)	($136,281)	($140,369)	($144,198)	($147,803)	($151,498)	($155,285)	($159,168)	($163,147)	($167,225)	($42,851)
Total Rent	**$1,885,817**	**$2,589,331**	**$2,667,011**	**$2,739,760**	**$2,808,254**	**$2,878,461**	**$2,950,422**	**$3,024,183**	**$3,099,787**	**$3,177,282**	**$814,178**
Garage/Parking Income	$23,745	$32,603	$33,581	$34,588	$35,626	$36,695	$37,796	$38,930	$40,097	$41,300	$10,635
Utility Reimbursement	$71,659	$98,392	$101,344	$104,384	$107,516	$110,741	$114,064	$117,486	$121,010	$124,640	$32,095
Fee Income	$322,749	$443,152	$456,446	$470,140	$484,244	$498,771	$513,734	$529,146	$545,021	$561,371	$144,553
Total Reimbursement	**$418,153**	**$574,147**	**$591,371**	**$609,112**	**$627,386**	**$646,207**	**$665,594**	**$685,561**	**$706,128**	**$727,312**	**$187,283**
Total Income	**$2,303,970**	**$3,163,478**	**$3,258,382**	**$3,348,873**	**$3,435,640**	**$3,524,668**	**$3,616,016**	**$3,709,744**	**$3,805,915**	**$3,904,594**	**$1,001,461**
Disc./Consec./Bad Debt	($95,308)	($113,867)	($90,613)	($72,698)	($74,419)	($76,279)	($78,186)	($80,141)	($82,144)	($84,198)	($21,576)
Vacancy	($132,007)	($174,702)	($166,598)	($164,386)	($168,495)	($172,708)	($177,025)	($181,451)	($185,987)	($190,637)	($48,851)
Effective Income	**$2,076,655**	**$2,874,909**	**$3,001,171**	**$3,111,789**	**$3,192,726**	**$3,275,681**	**$3,360,804**	**$3,448,152**	**$3,537,784**	**$3,629,759**	**$931,035**
Salaries	$177,857	$244,208	$251,534	$259,080	$266,852	$274,858	$283,104	$291,597	$300,345	$309,355	$79,659
Repair and Maintenance	$96,373	$132,325	$136,295	$140,383	$144,595	$148,933	$153,401	$158,003	$162,743	$167,625	$43,163
Marketing and Administrative	$94,961	$130,387	$134,299	$138,328	$142,478	$146,752	$151,154	$155,689	$160,360	$165,170	$42,531
Total Controllable Expenses	**$369,191**	**$506,920**	**$522,127**	**$537,791**	**$553,925**	**$570,543**	**$587,659**	**$605,289**	**$623,447**	**$642,151**	**$165,354**
Utilities	$195,968	$269,074	$277,147	$285,461	$294,025	$302,845	$311,931	$321,289	$330,927	$340,855	$87,770
Taxes	$218,050	$343,184	$376,733	$388,035	$399,677	$411,667	$424,017	$436,737	$449,839	$463,335	$119,309
Insurance	$32,919	$46,227	$47,613	$49,042	$50,513	$52,029	$53,589	$55,197	$56,853	$58,559	$15,079
Total Uncontrollable Expenses	**$446,937**	**$658,485**	**$701,493**	**$722,538**	**$744,214**	**$766,541**	**$789,537**	**$813,223**	**$837,620**	**$862,748**	**$222,158**
Property Management Fee	$62,300	$86,247	$90,035	$93,354	$95,782	$98,270	$100,824	$103,445	$106,134	$108,893	$27,931
Total Expenses	**$878,427**	**$1,251,652**	**$1,313,656**	**$1,353,683**	**$1,393,921**	**$1,435,354**	**$1,478,020**	**$1,521,956**	**$1,567,201**	**$1,613,792**	**$415,443**
Net Operating Income	**$1,198,228**	**$1,623,257**	**$1,687,515**	**$1,758,106**	**$1,798,805**	**$1,840,327**	**$1,882,784**	**$1,926,196**	**$1,970,583**	**$2,015,967**	**$515,592**

Forecasted Statement of Cash Flows

Marley Park AZ Multifamily DST

Christopher Todd Communities at Marley Park located in Surprise, Arizona

Forecasted Cash on Cash Return

	(9 Months)										(3 Months)
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Effective Gross Income	$2,242,445	$3,226,731	$3,411,116	$3,513,651	$3,605,166	$3,699,079	$3,795,453	$3,894,354	$3,995,847	$4,100,002	$1,051,722
Net Operating Income	$1,237,371	$1,772,486	$1,890,953	$1,947,877	$1,992,835	$2,038,806	$2,085,810	$2,133,870	$2,183,009	$2,233,251	$571,154
Master Lease Rent											
Base Rent	$856,803	$1,142,403	$1,142,403	$1,142,403	$1,142,403	$1,142,403	$1,142,403	$1,142,403	$1,142,403	$1,142,403	$285,601
Debt Service	$502,189	$669,585	$669,585	$669,585	$671,420	$669,585	$669,585	$983,574	$1,142,403	$1,142,403	$285,601
Excess Base Rent	$354,614	$472,818	$472,818	$472,818	$470,984	$472,818	$472,818	$158,829	$0	$0	$0
Master Tenant Base Income [1]	$29,624	$39,351	$39,433	$39,822	$40,266	$39,323	$39,953	$40,113	$39,758	$39,845	$9,831
Additional Rent											
Additional Rent Breakpoint	$1,891,500	$2,636,000	$2,702,000	$2,748,000	$2,795,000	$2,842,000	$2,892,000	$2,943,000	$2,995,000	$3,049,000	$776,000
Additional Rent	$350,945	$590,731	$668,500	$668,500	$670,400	$668,600	$668,600	$951,354	$1,000,847	$1,051,002	$275,722
Asset Management Fee	($62,540)	($83,386)	($83,386)	($83,386)	($83,386)	($83,386)	($83,386)	($83,386)	($41,693)	($83,386)	($20,847)
Trustee Fee	($1,875)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($625)
Additional Rent Cash Flow [2]	**$641,144**	**$977,663**	**$1,055,432**	**$1,055,432**	**$1,055,498**	**$1,055,532**	**$1,055,532**	**$1,024,297**	**$956,654**	**$965,116**	**$254,251**
Supplemental Rent											
Supplemental Rent Breakpoint	$2,392,800	$3,304,400	$3,370,500	$3,416,500	$3,465,400	$3,510,600	$3,560,600	$3,925,600	$4,094,800	$4,190,500	$1,061,400
Master Tenant Supplemental Rent Income [3]	$0	$0	$4,062	$9,715	$13,977	$18,848	$23,485	$0	$0	$0	$0
Supplemental Rent	$0	$0	$36,555	$87,436	$125,789	$169,631	$211,368	$0	$0	$0	$0
Trust Reserve Account	$0	$0	($36,555)	($87,436)	($125,789)	($169,631)	($211,368)	$0	$0	$0	$0
Supplemental Rent Cash Flow [4]	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Cash Flow	**$641,144**	**$977,663**	**$1,055,432**	**$1,055,432**	**$1,055,498**	**$1,055,532**	**$1,055,532**	**$1,024,297**	**$956,654**	**$965,116**	**$254,251**
Total Master Tenant Income [1, 3]	$29,624	$39,351	$43,495	$49,538	$54,243	$58,171	$63,439	$40,113	$39,758	$39,845	$9,831

Forecasted Principal Amortization

Beginning Loan Balance	$22,931,000	$22,931,000	$22,931,000	$22,931,000	$22,931,000	$22,931,000	$22,931,000	$22,931,000	$22,614,316	$22,127,569	$21,624,575
Principal Amortization	$0	$0	$0	$0	$0	$0	$0	$316,684	$486,747	$502,994	$130,193
Ending Loan Balance	**$22,931,000**	**$22,931,000**	**$22,931,000**	**$22,931,000**	**$22,931,000**	**$22,931,000**	**$22,931,000**	**$22,614,316**	**$22,127,569**	**$21,624,575**	**$21,494,381**

Forecasted Lender Reserve Account

Replacement Reserve Account	(9 Months)										(3 Months)
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500
Reserve Contribution	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Expenditures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ending Balance	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500	$86,500

Forecasted Trust Reserve Account

		(9 Months)										(3 Months)
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance		$886,750	$759,446	$749,475	$765,724	$772,440	$855,480	$465,184	$586,529	$497,497	$383,037	$324,012
Seller Credit		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Reserve Contribution		$0	$0	$36,555	$87,436	$125,789	$169,631	$211,368	$0	$0	$0	$0
Property Improvements		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Expenditures		($130,385)	($13,733)	($24,085)	($84,556)	($46,809)	($563,221)	($92,645)	($91,735)	($116,656)	($60,788)	($111,375)
Interest Income	0.5%	$3,081	$3,763	$3,779	$3,836	$4,060	$3,293	$2,623	$2,703	$2,196	$1,763	$335
Ending Balance		$759,446	$749,475	$765,724	$772,440	$855,480	$465,184	$586,529	$497,497	$383,037	$324,012	$212,973

[1] The difference between the Base Rent and the Additional Rent Breakpoint for the Property for a given month, if any, after taking into account any expenses of the Property, will inure to the benefit of the Master Tenant and, therefore, IPC as the sole member of the Master Tenant. Such amounts will not be available for distributions to the Trust or the Investors.

[2] Excess Base Rent (any amount of Base Rent after debt service) is included in the Additional Rent Cash Flow. The Additional Rent will be estimated and paid on a monthly basis with year-end reconciliation.

[3] Under the Master Lease, the Master Tenant will earn 10% of Gross Income exceeding the Supplemental Rent Breakpoint, as provided in the Master Lease.

[4] The Supplemental Rent will be paid annually within 90 days of the end of the calendar year.

Net Operating Income

Marley Park AZ Multifamily DST

Christopher Todd Communities at Marley Park located in Surprise, Arizona

	(9 Months)										(3 Months)
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Market Rental Income	**$2,299,799**	**$3,157,750**	**$3,252,483**	**$3,341,202**	**$3,424,732**	**$3,510,350**	**$3,598,109**	**$3,688,062**	**$3,780,263**	**$3,874,770**	**$992,910**
Loss to Lease	($207,049)	($284,290)	($292,818)	($300,806)	($308,326)	($316,034)	($323,935)	($332,033)	($340,334)	($348,842)	($89,391)
Total Rent	**$2,092,750**	**$2,873,460**	**$2,959,664**	**$3,040,396**	**$3,116,406**	**$3,194,316**	**$3,274,174**	**$3,356,028**	**$3,439,929**	**$3,525,927**	**$903,519**
Garage/Parking Income	$32,441	$44,544	$45,880	$47,256	$48,674	$50,134	$51,638	$53,187	$54,783	$56,427	$14,530
Utility Reimbursement	$118,105	$162,164	$167,029	$172,040	$177,201	$182,517	$187,993	$193,633	$199,442	$205,425	$52,897
Fee Income	$353,842	$485,844	$500,420	$515,432	$530,895	$546,822	$563,227	$580,124	$597,527	$615,453	$158,479
Total Reimbursement	**$504,388**	**$692,552**	**$713,329**	**$734,729**	**$756,771**	**$779,474**	**$802,858**	**$826,944**	**$851,752**	**$877,305**	**$225,906**
Total Income	**$2,597,138**	**$3,566,013**	**$3,672,993**	**$3,775,125**	**$3,873,177**	**$3,973,790**	**$4,077,032**	**$4,182,972**	**$4,291,681**	**$4,403,232**	**$1,129,425**
Disc./Consec./Bad Debt	($91,035)	($109,361)	($84,293)	($79,050)	($81,027)	($83,052)	($85,129)	($87,257)	($89,438)	($91,674)	($23,491)
Vacancy	($263,658)	($229,921)	($177,584)	($182,424)	($186,984)	($191,659)	($196,450)	($201,362)	($206,396)	($211,556)	($54,211)
Effective Income	**$2,242,445**	**$3,226,731**	**$3,411,116**	**$3,513,651**	**$3,605,166**	**$3,699,079**	**$3,795,453**	**$3,894,354**	**$3,995,847**	**$4,100,002**	**$1,051,722**
Salaries	$193,634	$265,869	$273,846	$282,061	$290,523	$299,238	$308,216	$317,462	$326,986	$336,796	$86,725
Repair and Maintenance	$111,543	$153,155	$157,750	$162,482	$167,357	$172,378	$177,549	$182,875	$188,362	$194,012	$49,958
Marketing and Administrative	$152,224	$209,012	$215,282	$221,741	$228,393	$235,245	$242,302	$249,571	$257,058	$264,770	$68,178
Total Controllable Expenses	**$457,401**	**$628,037**	**$646,878**	**$666,284**	**$686,273**	**$706,861**	**$728,067**	**$749,909**	**$772,406**	**$795,578**	**$204,861**
Utilities	$280,049	$384,523	$396,059	$407,940	$420,179	$432,784	$445,768	$459,141	$472,915	$487,102	$125,429
Taxes	$161,172	$289,867	$318,226	$327,773	$337,606	$347,734	$358,166	$368,911	$379,979	$391,378	$100,780
Insurance	$39,179	$55,017	$56,667	$58,367	$60,118	$61,922	$63,779	$65,693	$67,663	$69,693	$17,946
Total Uncontrollable Expenses	**$480,400**	**$729,407**	**$770,952**	**$794,080**	**$817,903**	**$842,440**	**$867,713**	**$893,745**	**$920,557**	**$948,174**	**$244,155**
Property Management Fee	$67,273	$96,802	$102,333	$105,410	$108,155	$110,972	$113,864	$116,831	$119,875	$123,000	$31,552
Total Expenses	**$1,005,074**	**$1,454,245**	**$1,520,163**	**$1,565,774**	**$1,612,330**	**$1,660,273**	**$1,709,643**	**$1,760,484**	**$1,812,838**	**$1,866,752**	**$480,568**
Net Operating Income	**$1,237,371**	**$1,772,486**	**$1,890,953**	**$1,947,877**	**$1,992,835**	**$2,038,806**	**$2,085,810**	**$2,133,870**	**$2,183,009**	**$2,233,251**	**$571,154**

Forecasted Statement of Cash Flows

Space Coast Multifamily DST

Centre Pointe Apartments located in Melbourne, Florida

Forecasted Cash on Cash Return

	(9 Months) 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	(3 Months) 2030
Effective Gross Income	$4,282,267	$5,929,581	$6,081,919	$6,238,031	$6,386,633	$6,520,296	$6,656,595	$6,795,798	$6,937,966	$7,083,166	$1,807,866
Net Operating Income	$2,664,095	$3,621,598	$3,705,463	$3,791,072	$3,867,421	$3,927,245	$3,987,533	$4,048,478	$4,110,078	$4,172,329	$1,058,807
Master Lease Rent											
Base Rent	$1,504,354	$2,005,805	$2,005,805	$2,005,805	$2,005,805	$2,005,805	$2,005,805	$2,005,805	$2,005,805	$2,005,805	$501,451
Debt Service	$931,681	$1,242,241	$1,242,241	$1,242,241	$1,245,644	$1,242,241	$1,242,241	$1,749,015	$2,005,805	$2,005,805	$501,451
Excess Base Rent	$572,673	$763,564	$763,564	$763,564	$760,161	$763,564	$763,564	$256,790	$0	$0	$0
Master Tenant Base Income [1]	$54,474	$72,211	$72,738	$72,235	$71,983	$72,144	$72,132	$71,875	$72,307	$72,358	$17,990
Additional Rent											
Additional Rent Breakpoint	$3,177,000	$4,386,000	$4,455,000	$4,525,000	$4,597,000	$4,671,000	$4,747,000	$4,825,000	$4,906,000	$4,989,000	$1,268,500
Additional Rent	$1,050,375	$1,250,000	$1,118,800	$1,118,900	$1,122,300	$1,118,900	$1,119,000	$1,695,200	$2,029,800	$2,067,900	$497,675
Asset Management Fee	($106,080)	($141,440)	($141,440)	($141,440)	($141,440)	($141,440)	($141,440)	($141,440)	($84,157)	($141,440)	($35,360)
Trustee Fee	($1,875)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($625)
Additional Rent Cash Flow [2]	**$1,515,093**	**$1,869,624**	**$1,738,424**	**$1,738,524**	**$1,738,521**	**$1,738,524**	**$1,738,624**	**$1,808,050**	**$1,943,143**	**$1,923,960**	**$461,690**
Supplemental Rent											
Supplemental Rent Breakpoint	$4,227,375	$5,636,000	$5,573,800	$5,643,900	$5,719,300	$5,789,900	$5,866,000	$6,520,200	$6,935,800	$7,056,900	$1,766,175
Master Tenant Supplemental Rent Income [3]	$5,489	$29,358	$50,812	$59,413	$66,733	$73,040	$79,060	$27,560	$217	$2,627	$4,169
Supplemental Rent	$49,403	$264,223	$457,307	$534,718	$600,600	$657,356	$711,536	$248,038	$1,949	$23,639	$37,521
Trust Reserve Account	($49,403)	($210,800)	($210,800)	($210,800)	($210,800)	($210,800)	($210,800)	($248,038)	($1,949)	($23,639)	($37,521)
Supplemental Rent Cash Flow [4]	**$0**	**$53,423**	**$246,507**	**$323,918**	**$389,800**	**$446,556**	**$500,736**	**$0**	**$0**	**$0**	**$0**
Total Cash Flow	**$1,515,093**	**$1,923,047**	**$1,984,932**	**$2,062,442**	**$2,128,321**	**$2,185,081**	**$2,239,360**	**$1,808,050**	**$1,943,143**	**$1,923,960**	**$461,690**
Total Master Tenant Income [1, 3]	$59,963	$101,570	$123,550	$131,648	$138,716	$145,184	$151,192	$99,435	$72,523	$74,985	$22,159

Forecasted Principal Amortization

Beginning Loan Balance	$38,896,000	$38,896,000	$38,896,000	$38,896,000	$38,896,000	$38,896,000	$38,896,000	$38,896,000	$38,384,467	$37,596,438	$36,779,440
Principal Amortization	$0	$0	$0	$0	$0	$0	$0	$511,533	$788,029	$816,997	$212,327
Ending Loan Balance	**$38,896,000**	**$38,896,000**	**$38,896,000**	**$38,896,000**	**$38,896,000**	**$38,896,000**	**$38,896,000**	**$38,384,467**	**$37,596,438**	**$36,779,440**	**$36,567,113**

Forecasted Lender Reserve Account

Replacement Reserve Account

	(9 Months) 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	(3 Months) 2030
Beginning Balance	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800
Reserve Contribution	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Expenditures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ending Balance	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800	$108,800

Forecasted Trust Reserve Account

		(9 Months) 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	(3 Months) 2030
Beginning Balance		$677,800	$297,929	$444,144	$609,577	$748,765	$905,349	$1,007,967	$759,123	$903,977	$683,812	$499,727
Seller Credit		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Reserve Contribution		$49,403	$210,800	$210,800	$210,800	$210,800	$210,800	$210,800	$248,038	$1,949	$23,639	$37,521
Property Improvements		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Expenditures		($431,100)	($66,435)	($47,995)	($74,999)	($58,341)	($112,954)	($464,051)	($107,331)	($226,074)	($210,675)	($138,285)
Interest Income	0.5%	$1,826	$1,851	$2,628	$3,387	$4,125	$4,771	$4,407	$4,147	$3,960	$2,951	$562
Ending Balance		$297,929	$444,144	$609,577	$748,765	$905,349	$1,007,967	$759,123	$903,977	$683,812	$499,727	$399,525

[1] The difference between the Base Rent and the Additional Rent Breakpoint for the Property for a given month, if any, after taking into account any expenses of the Property, will inure to the benefit of the Master Tenant and, therefore, IPC as the sole member of the Master Tenant. Such amounts will not be available for distributions to the Trust or the Investors.

[2] Excess Base Rent (any amount of Base Rent after debt service) is included in the Additional Rent Cash Flow. The Additional Rent will be estimated and paid on a monthly basis with year-end reconciliation.

[3] Under the Master Lease, the Master Tenant will earn 10% of Gross Income exceeding the Supplemental Rent Breakpoint, as provided in the Master Lease.

[4] The Supplemental Rent will be paid annually within 90 days of the end of the calendar year.

Net Operating Income

Space Coast Multifamily DST

Centre Pointe Apartments located in Melbourne, Florida

	(9 Months)										(3 Months)
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Market Rental Income	**$4,420,424**	**$6,010,957**	**$6,131,176**	**$6,253,799**	**$6,378,875**	**$6,506,453**	**$6,636,582**	**$6,769,314**	**$6,904,700**	**$7,042,794**	**$1,795,912**
Loss to Lease	($90,984)	($93,872)	($65,094)	($35,126)	($16,167)	($16,266)	($16,591)	($16,923)	($17,262)	($17,607)	($4,490)
Total Rent	**$4,329,440**	**$5,917,085**	**$6,066,082**	**$6,218,673**	**$6,362,709**	**$6,490,187**	**$6,619,991**	**$6,752,390**	**$6,887,438**	**$7,025,187**	**$1,791,423**
Garage/Parking Income	$140,478	$192,884	$198,671	$204,631	$210,770	$217,093	$223,605	$230,314	$237,223	$244,340	$62,917
Utility Reimbursement	$103,440	$142,029	$146,290	$150,678	$155,199	$159,855	$164,650	$169,590	$174,678	$179,918	$46,329
Fee Income	$137,451	$188,728	$194,390	$200,222	$206,229	$212,415	$218,788	$225,352	$232,112	$239,075	$61,562
Total Reimbursement	**$381,370**	**$523,641**	**$539,351**	**$555,531**	**$572,197**	**$589,363**	**$607,044**	**$625,255**	**$644,013**	**$663,333**	**$170,808**
Total Income	**$4,710,809**	**$6,440,726**	**$6,605,433**	**$6,774,204**	**$6,934,906**	**$7,079,550**	**$7,227,034**	**$7,377,645**	**$7,531,451**	**$7,688,520**	**$1,962,231**
Disc./Consec./Bad Debt	($92,943)	($126,535)	($129,219)	($131,959)	($134,697)	($137,392)	($140,140)	($142,943)	($145,801)	($148,717)	($37,923)
Vacancy	($335,599)	($384,611)	($394,295)	($404,214)	($413,576)	($421,862)	($430,299)	($438,905)	($447,683)	($456,637)	($116,442)
Effective Income	**$4,282,267**	**$5,929,581**	**$6,081,919**	**$6,238,031**	**$6,386,633**	**$6,520,296**	**$6,656,595**	**$6,795,798**	**$6,937,966**	**$7,083,166**	**$1,807,866**
Salaries	$320,638	$440,253	$453,461	$467,065	$481,077	$495,509	$510,374	$525,685	$541,456	$557,700	$143,608
Repair and Maintenance	$180,533	$247,881	$255,318	$262,977	$270,867	$278,993	$287,362	$295,983	$304,863	$314,009	$80,857
Marketing and Administrative	$164,234	$225,502	$232,267	$239,235	$246,412	$253,804	$261,418	$269,261	$277,339	$285,659	$73,557
Total Controllable Expenses	**$665,404**	**$913,636**	**$941,046**	**$969,277**	**$998,355**	**$1,028,306**	**$1,059,155**	**$1,090,930**	**$1,123,658**	**$1,157,367**	**$298,022**
Utilities	$187,511	$257,463	$265,187	$273,142	$281,337	$289,777	$298,470	$307,424	$316,647	$326,146	$83,983
Taxes	$447,655	$693,405	$714,207	$735,633	$757,702	$780,433	$803,846	$827,961	$852,800	$878,384	$226,184
Insurance	$189,134	$265,592	$273,559	$281,766	$290,219	$298,926	$307,893	$317,130	$326,644	$336,444	$86,634
Total Uncontrollable Expenses	**$824,300**	**$1,216,459**	**$1,252,953**	**$1,290,541**	**$1,329,258**	**$1,369,135**	**$1,410,210**	**$1,452,516**	**$1,496,091**	**$1,540,974**	**$396,801**
Property Management Fee	$128,468	$177,887	$182,458	$187,141	$191,599	$195,609	$199,698	$203,874	$208,139	$212,495	$54,236
Total Expenses	**$1,618,172**	**$2,307,983**	**$2,376,456**	**$2,446,959**	**$2,519,212**	**$2,593,050**	**$2,669,062**	**$2,747,319**	**$2,827,888**	**$2,910,836**	**$749,059**
Net Operating Income	**$2,664,095**	**$3,621,598**	**$3,705,463**	**$3,791,072**	**$3,867,421**	**$3,927,245**	**$3,987,533**	**$4,048,478**	**$4,110,078**	**$4,172,329**	**$1,058,807**

Inland Private Capital Corporation

2901 Butterfield Road
Oak Brook, IL 60523
888.671.1031
inlandprivatecapital.com

Current publication date: 03/18/2020

ADISA | ALTERNATIVE & DIRECT INVESTMENTS
A CHAMPION OF EXCELLENCE

Inland Private Capital Corporation was recognized in 2006 and 2016 for distinguished accomplishments that demonstrated commitment to excellence and service to the alternative investment industry.

BBB Torch Awards for Ethics
CHICAGOLAND & NORTHERN ILLINOIS

Inland received the BBB's prestigious award in 2009, 2014 and 2017 honoring businesses that exhibit ethical practices in the marketplace.