



Inland
Private Capital Corporation

Private Placement Memorandum

Fayetteville Student Housing DST

The Date of this Private Placement Memorandum is November 11, 2019

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 18, before making an investment decision.

Summary Risk Factors

An investment in the Interests of the 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 (the Memorandum) captioned “*Risk Factors*.” The risks involved with an investment in Fayetteville Student Housing DST 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 Trust.
- The Trustees will have limited duties to Investors and limited authority.
- There are inherent risks with real estate investments.
- Certain risks are inherent to the student housing industry, including an annual leasing cycle, short lease-up period, seasonal cash flows and changing university admission and housing policies.
- An investment in the Interests will not be diversified as to the type of asset, geographic location or tenant mix.
- The Trust will depend on the Master Tenant for revenue, and the Master Tenant will depend on the Residents under the Residential Leases, and any default by the Master Tenant or the Residents will adversely affect the operations of the Trust.
- The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust.
- The terms of the Loan may differ from the terms described herein.
- The Loan will reduce the funds available for distribution and increase the risk of loss.
- The anticipated prepayment premiums associated with the Loan may negatively affect the Trust’s exit strategy.
- If the Trust is unable to sell or otherwise dispose of the Property before the maturity date of the Loan, it may be unable to repay the Loan and may have to cause a Transfer Distribution.
- It is anticipated that the Loan Documents will contain various restrictive covenants, and if the Trust fails to satisfy or violates these covenants, the Lender may declare the Loan in default.
- The Property Manager will be subject to certain conflicts of interests.
- There is no public market for the Interests.
- 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 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. In addition, a portion of each Interest consists of the underlying Personal Property and may not qualify for Section 1031 Exchange treatment depending upon the facts and circumstances of each Investor’s relinquished property.

IMPORTANT NOTES

The Inland name and logo are registered trademarks being used under license. “Inland” refers to some or all of the entities that are part of The Inland Real Estate Group of Companies, Inc. one of the nation’s largest commercial real estate and finance groups, which is comprised of independent legal entities, some of which may be affiliates, share some common ownership or have been sponsored and managed by such entities or subsidiaries thereof. Inland has been creating, developing and supporting real estate-related companies more than 50 years.

The companies depicted in the photographs or graphics herein may have proprietary interests in their trade names and trademarks. Nothing herein shall be considered an endorsement, authorization or approval of IPC or the Trust by such companies. Further, none of these companies are affiliated with IPC or the Trust in any manner.

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.



OFFERING HIGHLIGHTS

Beneficial Interests:	\$35,578,407
Loan Proceeds:	\$34,237,000
Offering Price:	\$69,815,407
Loan-to-Offering Price Ratio:	49.04%
Minimum Purchase (1031):	\$100,000
Minimum Purchase (cash):	\$25,000

> Fayetteville Student Housing DST

Luxury Cottage-Style Student Housing Property in Fayetteville, Arkansas

Fayetteville Student Housing DST (the Trust), is a newly formed Delaware statutory trust and an affiliate of Inland Private Capital Corporation (IPC). The Trust will own Cottages on Hollywood (the Property), a 189-unit, 652-bed cottage style student housing property located in Fayetteville, Arkansas and serving students of the nearby University of Arkansas (the University).

The Trust is offering (the Offering) to sell to qualified, accredited investors pursuant to this Memorandum, 100 percent of the beneficial interests in the Trust. The Offering is designed for accredited investors seeking to participate in a tax-deferred exchange as well as those seeking a quality, multiple-owner real estate investment. For more information, see “*Summary of the Offering*” and “*The Offering*” in the Memorandum.

You should read the Memorandum, including the anticipated results of operation set forth as an exhibit thereto, in its entirety before making an investment decision. Capitalized terms used in pages i through xii but not defined herein shall have the meanings set forth in the Memorandum.

View Fayetteville Student Housing DST Offering Materials Online*

Please visit the digital investor kit for access to key offering materials:

inland-investments.com/fayetteville-student-housing-dst
Passcode: FSH119

*When entering the passcode and accessing the digital kit, you will be asked to represent that: (1) you are an accredited investor; (2) you have not been directed to this webpage by any general solicitation or general advertising; and (3) you agree to keep the contents of this Digital Investor Kit, including the Memorandum, confidential and not to duplicate or furnish copies to any person other than your advisors.



> Investment Highlights

IPC believes that an investment in the Trust offers the following potential benefits:



- Only Class A cottage-style property located near the University¹, offering a unique home-like feel for students with layouts similar to houses, including townhomes, duplexes and flats
- The Property is within walking distance to the University of Arkansas and other popular dining and entertainment venues in the Fayetteville area



- The Property will be managed by an affiliate of Landmark Properties, Inc. (Landmark Properties), a fully integrated real estate firm specializing in the acquisition, development and management of high-quality student housing communities
- Landmark Properties owns and manages 64 student housing projects across the country, totaling nearly 28,000 beds, and currently has over \$2 billion in assets under construction, as of November 2019



- The Property will be financed with a Loan secured by the Property
- The 10-year loan will have a fixed interest rate of 3.65% per annum, with principal amortizing in years eight through 10 on a 30-year schedule

¹ Based on CBRE Appraisal rent comparables



Student Housing Industry

Over the past decade, the student housing industry has experienced significant growth. As the student population has grown, specialized student housing developers have stepped in and built off-campus housing alternatives. Many of the new student housing facilities offer leasing-by-the-bedroom formats, luxury amenities tailored to student needs, roommate matching, and individual leases backed by parental guarantees, which allow the student/parents to be responsible solely for their student's rent and any delinquent rent of roommates.

Today's student renters typically grow up in their family home with their own bedroom and many times their own bathroom. Due to this current trend, parents and students visiting on-campus housing are often disappointed to find older buildings made from dated materials with little to no privacy. Because on-campus housing is suffering from aged facilities and deferred maintenance, on-campus occupancy rates have declined in many markets and students eligible to live off-campus are seeking more modern and private alternative living arrangements. New communities are being built to meet the demands of today's students, in many cases offering private bedrooms and bathrooms, wireless high-speed internet access throughout, computer labs, tanning beds, theater rooms, large resort style swimming pools and hot tubs, and many more appealing amenities.

In addition, the student housing sector is perceived as "recession resistant" due to its performance during the Great Recession.² The primary driver of student housing is college enrollment, and when the economy loses jobs it tends to gain students. According to the National Center for Education Statistics (NCES), U.S. enrollment in post-secondary education grew by 4.7 percent in 2008 and 6.3 percent in 2009, the highest growth years since at least 1981. At the same time, demand for student housing increased, and the performance of the student housing industry rose.²

13.75 Million

Fall 2019 total enrollment for four-year colleges and universities, a 46.9% increase since Fall 2000³

95%

Average occupancy for on-campus and off-campus housing⁴

22%

Average total of undergraduate students that universities are able to house in on-campus housing³

45,500

Number of student housing beds delivered in the U.S. from 1995-2018³

² Realpage. Is Student Housing Recession-Proof? May 11, 2017.

³ Appraisal Reports by CBRE, Inc.

⁴ CBRE. United States Student Housing Report. 2019.



> Cottages on Hollywood

Cottages on Hollywood is a brand new student housing community located adjacent to University of Arkansas in Fayetteville, Arkansas. Built in 2019, the Property boasts luxurious amenities across its 189-unit, 652-bed, gated community. The Property offers cottage-style living with a selection of townhome, duplex and flat-style layouts available, all including contemporary modern features. Residents can enjoy an expansive list of community amenities, including a resort-style pool with cabanas, outdoor kitchen and grilling area, two-story clubhouse and fitness center, and putting green. The Property was built to focus on its student residents, with many student-focused amenities including private study rooms, computer lab with printing station, coffee bar, and access to the University bus, which stops at the Property.

The Property is situated just south of Highway 62 and east of Interstate 49. Interstate 49 is the major connection to Northwest Arkansas and extends southward to Interstate 40 and north to Kansas City (becoming U.S. Highway 71) near the Missouri border.





Cottages on Hollywood

1319 South Hollywood Avenue
Fayetteville, AR 72701

Year Built
2019

Total Student Housing Units
189

Total Beds
652

Average Unit Size
1,893 S.F.

Unit Features

- ✓ Townhome, duplex and flat-style layouts
- ✓ Smart key access
- ✓ Individual bathrooms
- ✓ Walk-in closets
- ✓ Private patios and balconies
- ✓ Open kitchen and living rooms
- ✓ Granite countertops
- ✓ Stainless steel style appliances
- ✓ Full size washer and dryer in every unit
- ✓ Security system

Community Features

- ✓ Resort-style pool with cabanas
- ✓ Outdoor kitchens and grilling areas
- ✓ Sand volleyball court
- ✓ Putting green, horse shoes and bocce ball
- ✓ Dog park
- ✓ Expansive clubhouse
- ✓ Two-story fitness center
- ✓ Sauna, steam rooms and tanning beds
- ✓ Study lounges with coffee bar
- ✓ Indoor/outdoor gaming lounge
- ✓ Computer lab with printing station

See “*The Property*” in the Memorandum for additional detail. Also see “*Risk Factors – Risks Related to the Property*” in the Memorandum.



> Convenient location near campus and other Fayetteville attractions

University of Arkansas⁵

The University of Arkansas is a public, co-educational, land-grant, research university located in Fayetteville, Arkansas. It is classified by the Carnegie Foundation as a research university with very high research activity. The University was originally founded as Arkansas Industrial University in 1871, and adopted its present name in 1899. It is noted for its strong architecture, agriculture (particularly animal science and poultry science), creative writing, law school, history, Middle Eastern Studies and business programs.

The University's Fall 2019 enrollment was 27,559.⁶ The campus comprises more than 130 buildings on 345 acres, offering 214 areas of study leading to bachelors, masters, doctoral, and law degrees. The University and several of its programs have been recognized on the national level. In recent years, the University of Arkansas has been recognized as a Top-Tier National University, one of the Best 371 Colleges and a Best Southeastern College.

Top 15 Fastest Growing Public Doctoral Institution in the Country⁶

Top 25 Public Business School in the Nation⁵

25th Ranked Public MBA Program⁵

Top 50 Best Public College Values⁵

⁵ Appraisal Report by CBRE.

⁶ University of Arkansas Fall 2018 At-A-Glance and Quick Facts. www.uark.edu.



Fayetteville, Arkansas⁷

The Property is located within the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (Fayetteville MSA), positioned in the Northwest region of Arkansas. The Fayetteville MSA has experienced an annual population growth of 2.1 percent since 2010 and has an unemployment rate of 3.6 percent. The top three industries within the area are Retail Trade, Manufacturing and Health Care/Social Assistance, which represent a combined total of 42% of the population. The Fayetteville MSA is in close proximity to the largest employment centers in Northwest Arkansas, including the global headquarters for Wal-Mart, Tyson Foods and J.B. Hunt.

#4 Best Affordable Places to Live⁸

#4 Best Places to Live¹⁰

#2 Best Mid-Sized City for Jobs⁹

#27 Best-Performing Cities¹¹



⁷ Appraisal Report by CBRE.

⁸ <https://realestate.usnews.com/real-estate/slideshows/best-affordable-places-to-live-in-the-us>

⁹ <https://www.forbes.com/sites/joelkotkin/2018/05/15/growth-in-america-has-tilted-to-smaller-cities/#4a38d14b5601>

¹⁰ <https://realestate.usnews.com/places/rankings/best-places-to-live>

¹¹ <http://www.nwacouncil.org/news/2019/1/25/milken-northwest-arkansas-remains-among-nations-best-performing-cities>





> The Property Manager



The Property will be managed by Landmark Property Management, LLC, an affiliate of Landmark Properties. Landmark Properties is a fully integrated real estate firm specializing in the acquisition, development and management of high-quality student housing communities. Backed by a deep understanding of the market, a commitment to quality and a strong track record of success, Landmark Properties is one of the foremost developers and managers of premier off-campus student housing communities in the country.¹²

Founded in 2004, Landmark Properties has over 750 employees, including more than 150 at its corporate headquarters in Athens, GA. With more than 10,000 beds under third-party management, Landmark Properties' management services are focused on maximizing value while providing and delivering an exceptional resident experience.

[landmark-properties.com](https://www.landmark-properties.com)

¹² Landmark Properties maintains a website at www.landmark-properties.com. Investors are encouraged to visit the site on a regular basis to review the most up-to-date information regarding Landmark Properties.



> The Anticipated Financing

The Trust expects to obtain a Loan secured by a first mortgage on the Property in the principal amount of \$34,237,000 (the Loan) from Berkeley Point Capital LLC, a Delaware limited liability company, d/b/a Newmark Knight Frank, under the Federal National Mortgage Association Delegated Underwriting and Servicing loan program. The Loan is expected to have a term of 10 years and to bear interest at a fixed rate equal to 3.65% per annum. The Loan will be secured by a mortgage on the Property.

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

> IPC's Full Cycle Residential Activity¹³

IPC is the leader in the securitized 1031 exchange industry and offers a diverse menu of investment opportunities across a variety of asset classes throughout the United States. As an active asset manager, IPC aims to produce greater return of capital to its investors by selling properties at the optimal time in the market cycle.

Program Name	Offering Price	Sale Price	Hold Period (Years)	Average Rate of Return (ARR) ¹⁴
Austin Lakeshore Multifamily DST	\$45,451,864	\$50,500,000	3.01	10.90%
Bradenton Multifamily DST	\$44,038,085	\$50,500,000	4.67	11.39%
Chicagoland Multifamily DST	\$13,779,945	\$15,240,000	6.92	8.26%
Colorado Multifamily Portfolio DST	\$184,873,551	\$206,500,00	4.42	9.57%
Dallas MSA Multifamily DST	\$80,998,164	\$86,000,000	3.92	6.54%
Denver MSA Multifamily DST	\$49,092,573	\$56,750,000	1.75	22.23%
Denver Multifamily Portfolio DST	\$20,478,099	\$21,850,000	3.42	9.17%
Jacksonville Multifamily DST	\$45,674,330	\$48,500,000	4.33	6.39%
Louisville Multifamily DST	\$40,446,245	\$45,500,000	4.58	8.88%
Naples Multifamily DST	\$18,043,793	\$20,250,000	1.92	24.08%
Orlando Student Housing DST	\$78,240,475	\$81,721,250	2.67	10.62%
Pearland Multifamily DST	\$56,388,081	\$57,500,000	4.75	5.62%
San Antonio Multifamily DST	\$53,365,096	\$46,000,000	4.58	-2.47%

This table reflects all residential programs that had been sold as of September 30, 2019. Past performance is not necessarily indicative of future performance.

As of September 30, 2019, IPC has **sold more than \$786 million** within the residential sector (multifamily and student housing), producing a **weighted ARR of 9.21%**.¹⁵

¹³ Full-Cycle Programs are those programs that no longer own any assets. However, in certain limited situations in which the subject property(ies) were in foreclosure, IPC has negotiated with the lenders and advanced funds to the investors to allow the investors to exchange their beneficial interest in the original program for a proportionate beneficial interest in a new program, in order to continue their Section 1031 exchanges and avoid potential capital gains and/or forgiveness of debt tax liabilities. Because such exchanges result in an investment continuation, the original programs are not considered full-cycle programs for these purposes.

¹⁴ Average Annualized Rate of Return (ARR) for each full-cycle program is calculated as the sum of total cash flows distributed during the term of the investment program, plus any profit or loss on the initial offering price, divided by the investment period for that program.

¹⁵ Weighted Average Annualized Rate of Return (ARR) is determined for each residential program by multiplying the program's ARR by the capital invested in that program, divided by the total capital invested in all full-cycle programs within the residential class since inception (2001). For a full list of program dispositions, see "Prior Performance of IPC Affiliates" set forth in this Memorandum.

> About Inland Private Capital Corporation

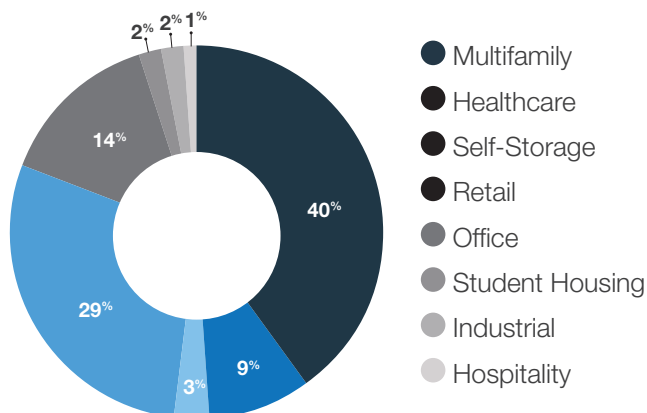
Inland Private Capital Corporation specializes in offering a diverse menu of Section 1031 exchange investment opportunities and defined-asset private placements throughout the United States. Formed in 2001, IPC is recognized as the industry leader in securitized 1031 exchange transactions.¹⁶ IPC is part of the Inland Real Estate Group of Companies, Inc. (Inland), one of the nation's largest commercial real estate and finance groups with more than 50 years of experience, and a subsidiary of Inland Real Estate Investment Corporation, the sponsor for Inland's real estate investments and income solution programs.



#1 Market Share¹⁶ | **232** Sponsored Programs | **\$7.3** Billion AUM

8.01%
Weighted Average
Annualized Rate of Return¹⁷
on Full-Cycle Programs¹⁸

AUM by Sector



Results by Asset Class

	Number of Programs	Cumulative Sales Price	Weighted Avg. ARR
Multifamily	6	\$236,266,108	12.63%
Retail	65	\$632,978,911	7.10%
Office	9	\$247,009,165	4.11%
Student Housing	1	\$81,721,250	10.63%
Industrial	7	\$118,170,041	5.96%
Healthcare	4	\$59,100,000	11.23%

Since IPC's inception in 2001, Inland entities, Inland employees and spouses, Inland directors, Inland officers and affiliated Inland employees have **invested more than \$60 million** in IPC-sponsored offerings, reflecting Inland's alignment with its investors.

NOTE: All data as of December 31, 2018. Past performance is not necessarily indicative of future performance.

¹⁶ Source: Mountain Dell Consulting 1031 DST/TIC Market Equity Update. Statement based on total equity raised.

¹⁷ **Weighted Average Annualized Rate of Return (ARR)** For each full-cycle program, the ARR is calculated as the sum of total cash flows distributed during the term of the investment program, plus any profit or loss on the initial offering price, divided by the investment period for that program. To determine the weighted average for all programs, the ARR for each program is multiplied by the capital invested in that program, divided by the total capital invested in all full-cycle programs since inception (2001). To determine the weighted average in each asset class, the ARR for each program within that asset class is multiplied by the capital invested in that program, divided by the total capital invested in all full-cycle programs within that asset class since inception (2001). For a full list of program dispositions, see "Prior Performance of IPC Affiliates" set forth in this Memorandum.

¹⁸ **Full-Cycle Programs** are those programs that no longer own any assets. However, in certain limited situations in which the subject property(ies) were in foreclosure, IPC has negotiated with the lenders and advanced funds to the investors to allow the investors to exchange their beneficial interest in the original program for a proportionate beneficial interest in a new program, in order to continue their Section 1031 exchanges and avoid potential capital gains and/or forgiveness of debt tax liabilities. Because such exchanges result in an investment continuation, the original programs are not considered full-cycle programs for these purposes.

FAYETTEVILLE STUDENT HOUSING DST

\$35,578,407 of Delaware Statutory Trust Interests

Minimum Purchase for Section 1031 Investors: \$100,000

Minimum Purchase for Cash Investors: \$25,000

Fayetteville Student Housing DST, a newly formed Delaware statutory trust (the “**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 and with all exhibits hereto, the “**Memorandum**”) 100% of the beneficial interests (the “**Interests**”) in the Trust. **You should read this Memorandum in its entirety before making an investment decision.**

The Trust will acquire and own the land and improvements located at 1319 South Hollywood Avenue, Fayetteville, Arkansas 72701 and commonly known as “Cottages on Hollywood” (the “**Property**”). The Property consists of approximately 43 acres of land and a newly constructed off-campus student housing development serving the nearby University of Arkansas. The Property contains 189 units (the “**Units**”), with 652 beds and approximately 357,812 net rentable square feet, located within 120 apartment buildings (the “**Apartment Buildings**”). Property amenities include a clubhouse building (the “**Clubhouse**” and together with the Apartment Buildings, the “**Buildings**”) comprising approximately 17,840 square feet, which contains a state-of-the-art two-story fitness center, study lounges, a computer lab and other common areas, and a resort-style pool and sand volleyball court.

On or about November 15, 2019, the Trust expects to acquire the Property from The Cottages on Hollywood, LLC, a Georgia limited liability company and an unrelated third party (the “**Seller**”), for a purchase price of \$62,250,000. The Trust will fund the acquisition of the Property with a combination of cash, provided as a capital contribution from Fayetteville Student Housing, L.L.C., a Delaware limited liability company and an affiliate of IPC (the “**Depositor**”), and the proceeds of a loan secured by the Property in the original principal amount of \$34,237,000 (the “**Loan**”) from Berkeley Point Capital LLC, a Delaware limited liability company, d/b/a Newmark Knight Frank (the “**Lender**”), under the Federal National Mortgage Association (“**Fannie Mae**”) Delegated Underwriting and Servicing (“**DUS**”) loan program. The Loan is expected to have a term of 10 years and to bear interest at a fixed rate equal to 3.65% per annum. The Loan will be secured by a mortgage on the Property. For purposes of determining liabilities assumed with respect to the Property in connection with an Investor’s Section 1031 Exchange (as defined herein), each Investor will be allocated a pro rata percentage of the Loan (expected to be \$96,229.72 per \$100,000 Interest).

Concurrent with acquiring the Property and obtaining the Loan, the Trust will lease the Property to Fayetteville Student Housing LeaseCo, L.L.C., a newly formed Delaware limited liability company and an affiliate of IPC (the “**Master Tenant**”), pursuant to a master lease agreement (the “**Master Lease**”). The Master Tenant will sublease the Units at the Property to residential tenants (the “**Residents**”) who occupy the Property pursuant to residential lease agreements (such subleases, the “**Residential Leases**”). The Master Lease and the Residential Leases are referred to together as the “**Leases**” herein.

In addition, concurrent with acquiring the Property and obtaining the Loan, the Trust will enter into an asset management agreement (the “**Asset Management Agreement**”) with Fayetteville Student Housing Exchange, L.L.C., a Delaware limited liability company and an affiliate of IPC (in such capacity, the “**Asset Manager**”) for the management of the day-to-day affairs of the Trust.

Further, concurrent with entering into the Master Lease, the Master Tenant will enter into a property management agreement (the “**Property Management Agreement**”) with Landmark Property Management, LLC, a Delaware limited liability company and a third party unaffiliated with IPC (the “**Property Manager**”), an established operator of student housing properties.

IMPORTANT NOTE TO PROSPECTIVE INVESTORS: No prospective Investor will be able to acquire an Interest in the Trust until the following events have occurred: (1) the Trust has acquired the

Property and obtained the Loan; (2) the Trust has entered into the Master Lease and assigned the Residential Leases to the Master Tenant; (3) the Trust has entered into the Asset Management Agreement; and (4) the Master Tenant has entered into the Property Management Agreement (collectively, the “Closing Events”). This Memorandum will be supplemented (such supplement, the “Closing Supplement”) to disclose the occurrence of the Closing Events as soon as practicable following the date on which such event has occurred (the “Closing Date”).

The Trust Agreement

The terms of the Trust are governed by the trust agreement of the Trust, dated October 8, 2019 (the “**Trust Agreement**”). Fayetteville Student Housing Exchange, L.L.C., a Delaware limited liability company and an affiliate of IPC, is the signatory trustee under the Trust Agreement (in such capacity, the “**Signatory Trustee**”) and is responsible for the operation of the Trust.

As of the date of this Memorandum, the Depositor owns 100% of the beneficial interests in the Trust and is the beneficiary of the Trust. If any Interests cannot be sold, the Depositor or its affiliate will own the remaining Interests. For purposes of this Memorandum, whenever a reference is made to the Depositor owning an Interest, this reference should also be construed as including the Depositor’s affiliate as referenced above. The Interests owned by the Depositor or its affiliate will be held for investment purposes and not for resale.

The Offering

The minimum amount of Interests that a prospective Investor completing a tax-deferred exchange under Section 1031 (“**Section 1031**”) of the Internal Revenue Code of 1986, as amended (the “**Code**”), may purchase is \$100,000 unless the Trust waives this minimum requirement. 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 Trust waives this minimum requirement. The Offering will terminate on or before the earlier of November 10, 2020 or the date on which all \$35,578,407 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 property to defer federal and state capital gains taxation on the sale by exchanging the Relinquished Property for another property of like kind. The 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 Property by the Investors for purposes of Section 1031. However, tax counsel to the Trust has provided a tax opinion that the acquisition of an Interest by an Investor **should** be treated as a direct acquisition of the Property 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.

For purposes of this Memorandum, various fees have been calculated based on the sale of 100% of the Interests, equivalent to \$35,578,407 (the “**Maximum Offering Amount**”).

	<u>Cash Price to</u> <u>Investors</u>	<u>Selling Commissions</u> <u>and Expenses⁽¹⁾</u>	<u>Proceeds to Trust⁽²⁾</u>
Minimum Cash Purchase ⁽³⁾	\$25,000	\$2,377	\$22,623
Maximum Offering Amount	\$35,578,407	\$3,384,370	\$32,194,037

- (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 cash proceeds of the Offering 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 cash proceeds of the Offering. ISC will reallocate all of the Selling Commissions and the Dealer Fee to broker/dealers who are members of the Financial Industry Regulatory Authority (“**FINRA**”). The Trust will also pay a fee to ISC equal to 1.65% of the gross cash proceeds of the Offering for serving as the Placement Agent (the “**Placement Agent Fee**”). The Trust will also reimburse the Sponsor, its affiliates and certain third parties for offering and organizational expenses (the “**O&O Expenses**”) in an amount equal to 0.61% of the gross cash 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 Trust out of the gross cash proceeds of the Offering. 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 anticipated acquisition of the Property and the anticipated closing of the Loan, 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 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 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 and who 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 will have limited control over the Trust.
- The Trustees (as defined herein) have limited duties to Investors and limited authority.
- There are inherent risks with real estate investments.
- Certain risks are inherent to the student housing industry, including an annual leasing cycle, short lease-up period, seasonal cash flows and changing university admission and housing policies.
- An investment in the Interests will not be diversified as to the type of asset, geographic location or tenant mix.
- The Trust will depend on the Master Tenant for revenue, and the Master Tenant will depend on the Residents under the Residential Leases, and any default by the Master Tenant or the Residents will adversely affect the operations of the Trust.
- The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust.
- The terms of the Loan may differ from the terms described herein.
- The Loan will reduce the funds available for distribution and increase the risk of loss.
- The anticipated prepayment premiums associated with the Loan may negatively affect the Trust’s exit strategy.
- If the Trust is unable to sell or otherwise dispose of the Property before the maturity date of the Loan, it may be unable to repay the Loan and may have to cause a Transfer Distribution (as defined herein).
- It is anticipated that the Loan Documents (as defined herein) will contain various restrictive covenants, and if the Trust fails to satisfy or violates these covenants, the Lender may declare the Loan in default.
- The Property Manager will be subject to certain conflicts of interests.
- 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 Trust is not providing any prospective Investor 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 18 of this Memorandum.

The Interests have not been approved or disapproved by the Securities and Exchange Commission 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 Trust reserves the right to reject any offer to purchase the Interests. In addition, the 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 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 you will not be able to transfer or resell Interests or any beneficial interest therein unless the Interests are registered pursuant to or 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 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 Property, other than as set forth in this Memorandum or other documents or information the Trust or the Sponsor may furnish to Investors. Investors are encouraged to ask the Trust or the Sponsor questions concerning the terms and conditions of this Offering and the Property.

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 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 Trust is Fayetteville Student Housing 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 Property 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 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.

ADDITIONAL NOTICE TO FLORIDA INVESTORS

IF SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, AND YOU PURCHASE SECURITIES HEREUNDER, THEN YOU MAY VOID SUCH PURCHASE EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY YOU TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THIS PRIVILEGE IS COMMUNICATED TO YOU, WHICHEVER OCCURS LATER.

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EXHIBITS

- A Form of Investor Questionnaire & Purchase Agreement
- B Rent Roll
- C Opinion of Special Tax Counsel
- D Forecasted Statement of Cash Flows

In an effort to minimize its impact on the Earth's climate, IPC is committed to implementing innovative and responsible environmental practices across the company. As part of its commitment, IPC has included the majority of additional information relating to the Offering in the Digital Investor Kit, as opposed to distributing paper copies. However, paper copies are available upon request. To obtain paper copies, please contact Investor Services at Fayetteville Student Housing DST, 2901 Butterfield Road, Oak Brook, Illinois 60523, or (888) 671-1031.

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

- Appraisal
- Agreements Affecting the Property
- Asset Management Agreement (in draft form)
- Delaware Statutory Trust Agreement
- Demand Note (in draft form)
- Form of Residential Lease
- Loan Application Letter and Loan Rate Lock

- Master Lease Agreement (in draft form)
- Phase I Environmental Site Assessment
- Property Condition Assessment
- Property Management Agreement (in draft form)
- Survey (in draft form)
- Zoning Report

The following additional documents will be made available to prospective Investors at the time the Trust issues the Closing Supplement to Investors:

- Asset Management Agreement (executed version)
- Assignments and Assumptions of Leases and Contracts
- Bill of Sale (the Seller to the Trust)
- Demand Note (executed version)
- Loan Documents
- Master Lease Agreement (executed version)
- Pro Forma Owner's Title
- Property Management Agreement (executed version)
- Settlement Statement
- Special Warranty Deed
- Survey

THE DOCUMENTS THAT ARE AVAILABLE IN THE DIGITAL INVESTOR KIT ARE IMPORTANT TO THE INVESTOR'S REVIEW OF THE OFFERING. 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 Trust, the Property and this Offering and 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 Trust is offering to Investors up to \$35,578,407 in Interests of the Trust. The minimum amount of Interests that a prospective Investor completing a Section 1031 Exchange may purchase is \$100,000, unless the 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 Trust waives this minimum requirement. The Offering is designed for, but not limited to, an Investor seeking to participate in a proposed Section 1031 Exchange. No assurances, however, can be made that any particular prospective Investor's purchase of the Interests will qualify under Section 1031 as each prospective Investor's situation will be different.

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

No prospective Investor will be able to acquire an Interest in the Trust until the following events have occurred: (1) the Trust has acquired the Property and obtained the Loan; (2) the Trust has entered into the Master Lease and assigned the Residential Leases to the Master Tenant; (3) the Trust has entered into the Asset Management Agreement; and (4) the Master Tenant has entered into the Property Management Agreement. The Offering will terminate on or before the earlier of November 10, 2020 or the date on which all \$35,578,407 of the Interests offered hereby have been sold.

Business Objectives and Discussion

The principal objectives of the Trust are to: (1) lease the Property to the Master Tenant with the intent that it manage the Property to realize its maximum operating performance; (2) pay regular distributions to Investors out of net cash flow as described in the Forecasted Statement of Cash Flows, Exhibit D; (3) preserve the intrinsic value of the Property; and (4) complete a sale of the Property prior to the maturity date of the Loan 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 18 of this Memorandum.

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

- **Class A Student Housing** – Construction of the Property was completed in 2019 and features an array of two, three, four and five bedroom Unit options and a well-amenitized Clubhouse with a state-of-the-art two-story fitness center, study lounges, a computer lab, tanning rooms, a gaming center, a steam room and sauna and other common areas. The Property also contains a resort-style pool and sand volleyball court, a hammock garden, outdoor kitchens and grilling areas, two fire pits, a putting green, two bocce ball courts and a dog park.
- **Strong Occupancy** – As of November 1, 2019, the Property was 97.2% leased to the Residents (based on leased bedrooms).
- **Proximity to University of Arkansas** – The Property caters to students of the University of Arkansas (the "**University**"), and is approximately two miles from the

center of campus. The Property is located adjacent to Randal Tyson Track Center and Baum-Walker Stadium, home to the University's 2018 NCAA National Finalist baseball team. The location offers Residents convenient access to the University's bus line, which stops in front of the Property. See "*Frequently Asked Questions – Who are the Residents and what is the University of Arkansas?*"

- **Strength of Property Management** – The Property will be managed by the Property Manager, an established operator of student housing properties. The Property Manager is an affiliate of Landmark Properties, Inc., a Georgia corporation ("**Landmark Properties**"), a fully integrated real estate firm specializing in the acquisition, development and management of high-quality student housing communities. As of August 2019, Landmark Properties had over 750 employees and \$4.1 billion of assets under management. Landmark Properties' portfolio as of August 2019 included more than 60 student housing properties across the country and more than 32,000 beds, including over \$1.8 billion in assets under construction. See "*Frequently Asked Questions – What are Landmark Property Management, LLC and Landmark Properties, Inc.?*"
- **Long-term, Fixed Rate, Amortizing Loan** – The Property will be financed with the Loan, which will have a term of 10 years and will bear interest at a fixed rate of 3.65% per annum, with principal amortizing in years seven through 10 on a 30-year schedule. See "*Financing Terms.*"
- **Master Lease Structure** – The Master Lease structure will allow the Master Tenant, an affiliate of IPC, to operate the Property on behalf of the Trust and to enable actions to be taken with respect to the Property that the 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 Lease.*"

The Property – Description

The Property is located at 1319 South Hollywood Avenue, Fayetteville, Arkansas 72701 and is commonly known as "Cottages on Hollywood". The Property features a newly constructed off-campus student housing development serving the nearby University of Arkansas. The 120 Apartment Buildings contain 189 Units, which include two, three, four and five bedroom apartments, comprising 652 beds.

As of November 1, 2019, the Property was 97.2% leased to the Residents (based on leased bedrooms).

Certain general information about the Property is summarized in the table below. See "*The Property*" for additional detail.

Address	Land Area*	Leaseable Area*	Units/ Beds*	Year Built	Parking*
Cottages on Hollywood 1319 South Hollywood Avenue Fayetteville, Arkansas 72701	43.0 acres	357,812 sq. ft.	189 units/ 652 beds	2019	741 (including 19 handicap spaces)

*All references in this Memorandum to the (1) acreage of the Property and the number of parking spaces at the Property are based on the survey, a copy of which is available in the Digital Investor Kit; and (2) leasable square footage of the Apartment Buildings and the number of Units and bedrooms in the Apartment Buildings are based on the Rent Roll for the Property, included as Exhibit B to this Memorandum.

The Property – Acquisition and Financing

The Trust expects to acquire the Property on or about November 15, 2019 from the Seller, a third party unaffiliated with IPC, for a purchase price of \$62,250,000. The Trust will fund the acquisition of the Property with a combination of cash, provided as a capital contribution from the Depositor, and proceeds of the Loan.

For purposes of determining liabilities assumed with respect to the Property in connection with an Investor's Section 1031 Exchange, each Investor will be allocated a pro rata percentage of the Loan (expected to be \$96,229.72 per \$100,000 Interest).

For purposes of complying with certain restrictions under Arkansas state law, bare legal title to the Property will be held by the Signatory Trustee. The Signatory Trustee will hold title to the Property on behalf of the Trust for the sole and exclusive purpose of satisfying Arkansas state law requirements that bare legal title to the Property be held by a trustee of the Trust.

See “*Acquisition of the Property*” for additional discussion regarding the anticipated acquisition of the Property, and see below and “*Financing Terms*” for a more detailed discussion regarding the anticipated terms and conditions of the Loan.

Financing Terms

On or about November 15, 2019, the Trust expects to obtain the Loan, secured by the Property, in the principal amount of \$34,237,000, from the Lender under Fannie Mae’s DUS loan program.

The Loan will be evidenced by a Multifamily Loan and Security Agreement (with addenda) (the “**Loan Agreement**”) and a Multifamily Note (with addenda) (the “**Note**”), and will be secured by a first priority Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing recorded against the Property (the “**Deed of Trust**”), and an assignment of the leases and rents thereunder (such documents, collectively, the “**Loan Documents**”). Copies of the application letter, dated October 2, 2019 (the “**Loan Application Letter**”), and the Rate Lock Confirmation (the “**Loan Rate Lock**”), containing the anticipated terms of the Loan, are available in the Digital Investor Kit.

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

The Loan will have a term of 10 years and will bear interest at a fixed rate of 3.65% per annum. Beginning with the payment date of January 1, 2020 and on each monthly payment date thereafter through and including December 1, 2026, the Trust will be required to make monthly, interest-only payments. Beginning with the payment date of January 1, 2027 and on each monthly payment date through the maturity date, the Trust will be required to make monthly payments of principal and interest, in a fixed amount, with principal amortizing on a 30-year schedule. On the maturity date, the Trust will be required to pay to the Lender the entire principal amount of the Loan, along with any accrued but unpaid interest.

The Loan is expected to be pre-payable in whole (but not in part) at any time during the term of the Loan, subject to a yield maintenance prepayment penalty. The prepayment penalty is expected to be equal to the “Prepayment Premium,” as defined and calculated in accordance with a formula set forth in the Loan Agreement (with a minimum fee of 1% of the principal amount being repaid); provided, however, if the prepayment is made (1) after May 31, 2029 but before August 31, 2029, the Prepayment Premium will be 1% of the amount of principal being prepaid, or (2) on or after August 31, 2029, no prepayment penalty will be due.

The Loan will be secured by the Mortgage and the Assignment. The Trust will be responsible for repayment of the Loan. The Loan will be nonrecourse to the Investors. Accordingly, the Investors will have no personal liability in connection with the Loan. However, upon an uncured event of default under the Loan, the Lender will have the right to foreclose on the Property. If this were to occur, the Investors would be likely to lose their entire investment in the Trust.

See “*Financing Terms*” and “*Risk Factors – Risks Related to the Anticipated Financing*” for additional discussion regarding the anticipated terms of the Loan.

Master Lease

Concurrent with acquiring the Property and obtaining the Loan, the Trust will enter into the Master Lease with the Master Tenant and will assign the Residential Leases to the

Master Tenant. A draft copy of the Master Lease is available in the Digital Investor Kit. The Closing Supplement will confirm the Trust's entry into the Master Lease as soon as practicable following the Closing Date. A copy of the executed Master Lease will be made available to Investors prior to an Investor's purchase of Interests.

The initial term of the Master Lease will be 120 months, unless terminated earlier in accordance with the terms of the Master Lease. The term of the Master Lease will automatically terminate upon the sale of the Property. However, as long as any obligation remains outstanding under any of the Loan Documents, the term of the Master Lease will automatically extend and continue in full force until all such obligations have been fully performed and satisfied.

The Master Tenant will be responsible for all costs of operating, managing, and maintaining the Property, and the Trust will be responsible for all Capital Expenditures (as defined herein). Pursuant to the Master Lease, the Trust will be required to maintain a reserve account for the Property (the "**Trust Reserve Account**"). The amounts in the Trust Reserve Account will be utilized for (1) repairs and replacements of the structure, foundation, roof, exterior walls, the parking lot and improvements to the Property to meet the needs of the "**Property Tenants**" (as defined under the Master Lease to include any current and future subtenants, space tenants, occupants and business invitees or licensees of the Property); (2) leasing commissions; (3) certain Hazardous Substances Costs (as such term is defined in the Master Lease); (4) any repairs identified in the Assessment (as defined herein), or similar engineering reports, performed in connection with the acquisition of the Property; (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 Property 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 Loan Documents. See "*Summary of the Leases – Master Lease*."

The Master Lease is expected to provide that, upon the sale of the Property, the Master Tenant will be entitled to a disposition fee (a "**Disposition Fee**") in an amount equal to 3.0% of the gross sales price of the Property ("**Gross Price**"); provided, 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 Price. In the event the Gross Price, reduced by the amounts used or incurred by the Trust to satisfy or to cause the buyer of the Property to assume any indebtedness of the Trust related to the Property in connection with such sale, is less than the Maximum Offering Amount, no Disposition Fee will be payable to the Master Tenant.

Rent under the Master Lease

The rent payable under the Master Lease will consist of:

- an amount of base rent, plus the funding for the Lender Reserve Accounts (as defined herein), as applicable ("**Base Rent**");
- additional rent ("**Additional Rent**") equal to the amount by which annual Gross Income (as defined in the Master Lease) exceeds the additional rent breakpoint for that year ("**Additional Rent Breakpoint**"), as provided in the Master Lease up to a maximum annual amount, calculated on a calendar year basis; and
- 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 the Master Lease ("**Supplemental Rent**" and, collectively with the Base Rent and the Additional Rent, the "**Rent**"), calculated on a calendar year basis.

The Rent that is expected to be payable in 2020, on an annualized basis, is set forth in the table that follows.

<u>2020 Base Rent (annualized)</u>	<u>2020 Additional Rent Breakpoint (annualized)</u>	<u>2020 Additional Rent Maximum (annualized)</u>	<u>2020 Supplemental Rent Breakpoint (annualized)</u>
\$1,879,445	\$4,070,000	\$1,287,500	\$5,357,500

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 for the Property, will inure to the benefit of the Master Tenant and, therefore, IPC as the sole member of the Master Tenant. The Trust estimates that this will result in additional income to the Master Tenant, ranging from approximately \$69,415 to \$70,237 per year to the Master Tenant. Such amounts will not be available for distribution to the Trust or the Investors.

The Master Tenant will be required to pay Base Rent to the Lender in monthly installments, in accordance with the terms of the Loan Documents. The Additional Rent will be estimated and paid to the Trust on a monthly basis with the year-end reconciliation. Supplemental Rent, if payable, will be payable in arrears within 90 days after the end of each calendar year. In addition, the Trust will be responsible for (and Rent 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, insurance costs and the cost of snow removal) exceed the Projected Uncontrollable Costs (as defined in the Master Lease and shown on Exhibit D, Forecasted Statement of Cash Flows) for the Property, and the Master Tenant will pay to the Trust (as Additional Rent) the amount (if any) by which the Projected Uncontrollable Costs are greater than the actual Uncontrollable Costs for the Property.

Master Tenant Capitalization

The Master Tenant is a newly formed Delaware limited liability company wholly owned by IPC. The Master Tenant will be capitalized by IPC through a demand note (the “**Demand Note**”) in the amount of \$698,000. IPC’s Demand Note obligations will be reduced by the amount of any net earnings IPC retains in the Master Tenant.

A draft copy of the Demand Note is available in the Digital Investor Kit. A copy of the executed Demand Note will be available to Investors prior to an Investor’s purchase of Interests.

Residential Leases

Each Residential Lease entitles the applicable Resident to an undivided interest in one bedroom in a Unit for a term of approximately one year. In general, each Residential Lease has a term beginning in August and ending in July of the next year. The Master Tenant, as landlord under the Residential Leases, may require the parent(s) or sponsor(s) of a Resident to complete a lease guaranty as additional assurance to the Master Tenant of the performance of the covenants of the Residential Lease. See “*Summary of the Leases – Residential Leases*” for additional information regarding the terms and conditions of the Residential Leases.

The Asset Management Agreement and Fees

Concurrent with acquiring the Property and obtaining the Loan, the Trust will enter into the Asset Management Agreement with the Asset Manager. The Asset Manager is also the Signatory Trustee.

In its capacity as asset manager, the Asset Manager will be responsible for managing the Trust’s day-to-day operations, including, but not limited to: reviewing all performance and financial information related to the Property; conducting relations with, and supervising services performed by, lenders, consultants, accountants, brokers, third-party 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 Loan; preparing financial reports for the Lender; managing the Reserve Accounts (as defined herein); providing bookkeeping and accounting services and maintaining the 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 Trust's investment objectives, including providing secretarial, clerical and administrative assistance for the Trust.

The Asset Management Agreement will have a 10-year term and will thereafter automatically renew for successive one-year periods. The 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.

The Trust will be required to pay the Asset Manager the following fees:

- a monthly asset management fee (the “**Asset Management Fee**”), in an amount equal to \$10,375 (equal to \$124,500 on an annual basis), payable from gross income generated by the Property; and
- if the Springing LLC (as defined herein) refinances the Property in connection with a Transfer Distribution (as defined herein), the Asset Manager will receive from the 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 the Asset Manager, the Trust will be responsible for reimbursing the Asset Manager for all expenses attributable to the Trust and paid or incurred by the Asset Manager in providing services under the Asset Management Agreement.

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

The 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 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 anticipated compensation arrangements described above, and in more detail throughout this Memorandum, are not the result of arm's-length negotiations. A draft copy of the Asset Management Agreement is available in the Digital Investor Kit. A copy of the executed Asset Management Agreement will be made available to Investors prior to an Investor's purchase of Interests. See “*Asset Management*,” “*Risk Factors – Risks Related to the Master Lease and the Management of the Property*” and “*Conflicts of Interest*” for additional discussion.

The Property Management Agreement and Fees

Concurrent with entering into the Master Lease, the Master Tenant will enter into the Property Management Agreement with the Property Manager for the management of the Property.

Pursuant to the Property Management Agreement, the Master Tenant will be appointed the Property Manager as the sole and exclusive manager for all residential housing on the

Property, along with all attendant common and recreation areas serving the residential housing components of the Property. Specifically, the Property Manager will be responsible for leasing services at the Property, including advertising the Property and organizing promotional events and promotional gifts; negotiating, entering into, and enforcing Residential Leases at the Property; coordinating student move-ins at the Property; hiring, supervising and paying on-site management staff; collecting all rent, charges, fees, and other sums arising from the operation of the Property on behalf of the Master Tenant; maintaining the Property, and arranging for repair or restoration of the Property as needed; negotiating contracts for services and utilities to the Property; providing certain inspections of the common areas and inhabited portions of the Property; maintaining Property records; investigating and making insurance claims; and coordinating post-closing items subsequent to the acquisition of the Property. The Property Manager is responsible for preparing and acting in accordance with an annual management plan, which includes an operating budget, a marketing budget and a cap ex budget.

The Property Management Agreement will have an initial term of three years (the “**Initial Term**”), which will commence on the date entered into (the “**PMA Effective Date**”), and will automatically renew for successive one-year periods thereafter. The Property Management Agreement may be immediately terminated by either party if: (1) the other party breaches any of its obligations under the Property Management Agreement and such breach is not cured within 30 days (or 15 days in the case of a monetary breach) after receipt of notice from the non-breaching party; (2) the other party experiences a bankruptcy event, as described in the Property Management Agreement; (3) the other party commits any act of fraud, willful misconduct or gross negligence in the performance of its duties under the Property Management Agreement; (4) all or a substantial portion of the Property is destroyed or rendered uninhabitable by fire, weather, earthquake or other casualty; (5) all or a substantial portion of the Property is condemned or otherwise declared uninhabitable by any governmental authority having jurisdiction over the Property, or the certificate of occupancy for all or a substantial portion of the Property is revoked; (6) all or a substantial portion of the Property is taken by eminent domain; or (7) the Master Tenant assigns or partially assigns the Master Lease and/or the Trust sells the Property, or a controlling interest in the Trust, to a third party.

Additionally, the Property Management Agreement may be terminated by either party for convenience at any time upon 60 days’ prior written notice to the other party; provided, however, if the Master Tenant elects to terminate the Property Management Agreement for convenience during the Initial Term, the Master Tenant will be obligated to pay the Property Manager a termination fee equal to: (a) if the effective date of the termination is within 12 months of the PMA Effective Date, \$30,000; (b) if the effective date of the termination is between 12 and 24 months following the PMA Effective Date, \$15,000; or (c) if the effective date of the termination is between 24 and 36 months following the PMA Effective Date, \$7,500 (the “**PM Termination Fee**”).

The Property Manager will be entitled to the following fees:

- a monthly base management fee, in an amount equal to 2.50% of the gross receipts from the Property for the month in which the payment is made;
- an additional performance fee, in an amount equal to 1.75% of the Property’s monthly “NOI” (defined as gross receipts from the Property less operating expenses, including the base management fees and all property taxes, charges and assessments levied against the Property by any governmental entity), paid monthly in arrears out of gross receipts from the Property; and
- if construction management services are requested in writing by the Master Tenant, a construction management fee of 7% of the total project costs for any capital expenditure project for which the total costs exceed \$25,000.

Additionally, the Property Manager will be authorized to pay or reimburse itself from the Property's operating account for all reasonable travel, lodging, entertainment, telephone, facsimile, postage, courier, delivery, employee training, in-house legal and other expenses incurred by the Property Manager that are directly related to its performance under the Property Management Agreement and are set forth in the approved operating budget for the Property.

A draft copy of the Property Management Agreement is available in the Digital Investor Kit. A copy of the executed Property Management Agreement will be made available to Investors prior to an Investor's purchase of Interests. See *"Property Management," "Risk Factors – Risks Related to the Master Lease and the Management of the Property"* for additional discussion.

Trust Reserve Account

Pursuant to the Master Lease, the Trust will be required to establish and maintain the Trust Reserve Account to make funds available for Capital Expenditures and unanticipated costs in relation to the Property.

The Trust will make an initial contribution to the Trust Reserve Account from the proceeds of the Loan, in the amount of \$2,127,700. An annual reserve contribution to the Trust Reserve Account will be withheld from Supplemental Rent, to the extent available, by the Master Tenant up to a maximum annual amount of \$117,360 for 2020, determined on an annualized basis. The anticipated amounts of the contributions to the Trust Reserve Account are summarized below.

At the end of any calendar year, if the balance in the Trust Reserve Account is less than the minimum amount specified in the Master Lease (the **"Reserve Minimum Balance"**), as set forth below, the 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 Master Tenant may withhold Additional Rent and Supplemental Rent until the Trust Reserve Account contains at least an amount equal to the Reserve Minimum Balance). The Trust will have no obligation to fund the Trust Reserve Account at any time the account contains more than the maximum amount specified in the Master Lease (the **"Reserve Maximum"**), as set forth below. If funds in the Trust Reserve Account exceed the Reserve Maximum, the Trust, in its sole discretion, may withdraw such excess funds. Any interest earned on the Trust Reserve Account will be retained as additional reserves. Any amounts remaining in the Trust Reserve Account upon the sale of the Property will be distributed to the Investors based on their respective pro rata Interests.

<u>Initial Contribution (from Loan proceeds)</u>	<u>2020 Maximum Annual Contribution</u>	<u>Reserve Minimum Balance</u>	<u>Reserve Maximum</u>
\$2,127,700	\$117,360	\$150,000	\$1,800,000

Pursuant to the 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

It is anticipated that the Loan Agreement will require certain reserve accounts to be maintained for the Property. Specifically, the Loan Agreement is expected to provide for a "Replacement Reserve Account," and a "Repairs Escrow Account" (together, the **"Lender Reserve Accounts"**) into which the Trust must make deposits to be disbursed pursuant to the terms of the Loan Agreement. At closing, the Trust will be required to deposit \$94,500 into the Replacement Reserve Account, which will be held by the Lender throughout the Loan term, and \$0 into the Repairs Escrow Account, to be used

for certain specified repairs required to be made to the Property. The Trust does not expect to be required to make ongoing deposits into the Lender Reserve Accounts.

The Lender Reserve Accounts and the Trust Reserve Account are together referred to herein as the “**Reserve Accounts**”.

See “*Financing Terms – Lender Reserve Accounts*” for additional discussion regarding the anticipated reserve accounts required for the Loan.

The Trust and the Trust Agreement

The terms of the Trust are governed by the Trust Agreement, a copy of which is available in the Digital Investor Kit. The Trust Agreement sets forth the rights and duties of the Investors and Trustees with respect to the Property. The Signatory Trustee is responsible for the operation of the Trust and the Property. The Corporation Trust Company serves as co-trustee of the Trust (the “**Delaware Trustee**” and together with the Signatory Trustee, the “**Trustees**”).

In connection with each Investor’s purchase of Interests, the Investor will be required to enter into the Trust Agreement. The Trust will convey the respective Interests to each Investor by issuing each Investor an assignment of beneficial interest. However, pursuant to the Trust Agreement, which was 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 Trust are not permitted to have any voting rights with respect to the operation and ownership of the Property.

Under the Trust Agreement, if: (A)(1) the Trust Property (as defined in the Trust Agreement) is in jeopardy of being foreclosed upon due to a default on the Loan; (2) the Trust Property 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 to the same condition as previously existed; or (3) the Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment, and (B) the Signatory Trustee is prohibited from taking actions to cure or mitigate such events because such action would “vary the investment” of the Investors, the Signatory Trustee will terminate the Trust by converting it into a limited liability company (a “**Springing LLC**”). If the Trust is converted to a Springing LLC (such conversion referred to herein as a “**Transfer Distribution**”), (i) the Investors would become members of the Springing LLC, owning an interest in the Springing LLC in proportion to their Interests in the Trust; (ii) the Springing LLC would continue to own the Property subject to the terms of the Master Lease and the Loan Documents; and (iii) the Signatory Trustee would become the manager of the Springing LLC.

As a result of the foregoing transactions, actions could be taken to conserve and protect the Property that could not have been taken otherwise.

Investor Suitability

An 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. The Trust will only accept a subscription from an “accredited investor,” as defined in Regulation D under the Securities Act. The Trust will not accept subscriptions from, or made on behalf of, (1) 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 or (2) foreign persons. See “*The Offering – Investor Suitability Requirements*” for more information.

Purchase of an Interest

To purchase an Interest, a prospective Investor must deliver to the Trust an executed copy of a complete and accurate Investor Questionnaire and Purchase Agreement (the “**Investor Questionnaire & Purchase Agreement**”), the form of which is attached hereto as Exhibit A. A prospective Investor may be accepted or rejected by the 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: No prospective Investor will be able to acquire an Interest in the Trust until the Closing Date, which is the date on which the following events have occurred: (1) the Trust has acquired the Property and obtained the Loan; (2) the Trust has entered into the Master Lease and assigned the Residential Leases to the Master Tenant; (3) the Trust has entered into the Asset Management Agreement; and (4) the Master Tenant has entered into the Property Management Agreement. If the Trust receives your Investor Questionnaire & Purchase Agreement prior to the Closing Date, it will hold your Investor Questionnaire & Purchase Agreement, but it will not accept any payment for the purchase of the Interests, until the Closing Date. The Trust will begin accepting payment of the purchase price for the Interests immediately following the issuance of the Closing Supplement. See "*The Offering – How to Purchase the Interests*" for a more detailed discussion on the steps you must take to purchase Interests.

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 Trust Agreement contains, and the Loan Documents will contain, additional restrictions on transfer. See "*Summary of the Trust Agreement – Restrictions on Transfer of Interests*" and "*Financing Terms – Restrictions on Transfer of Interests*." 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.

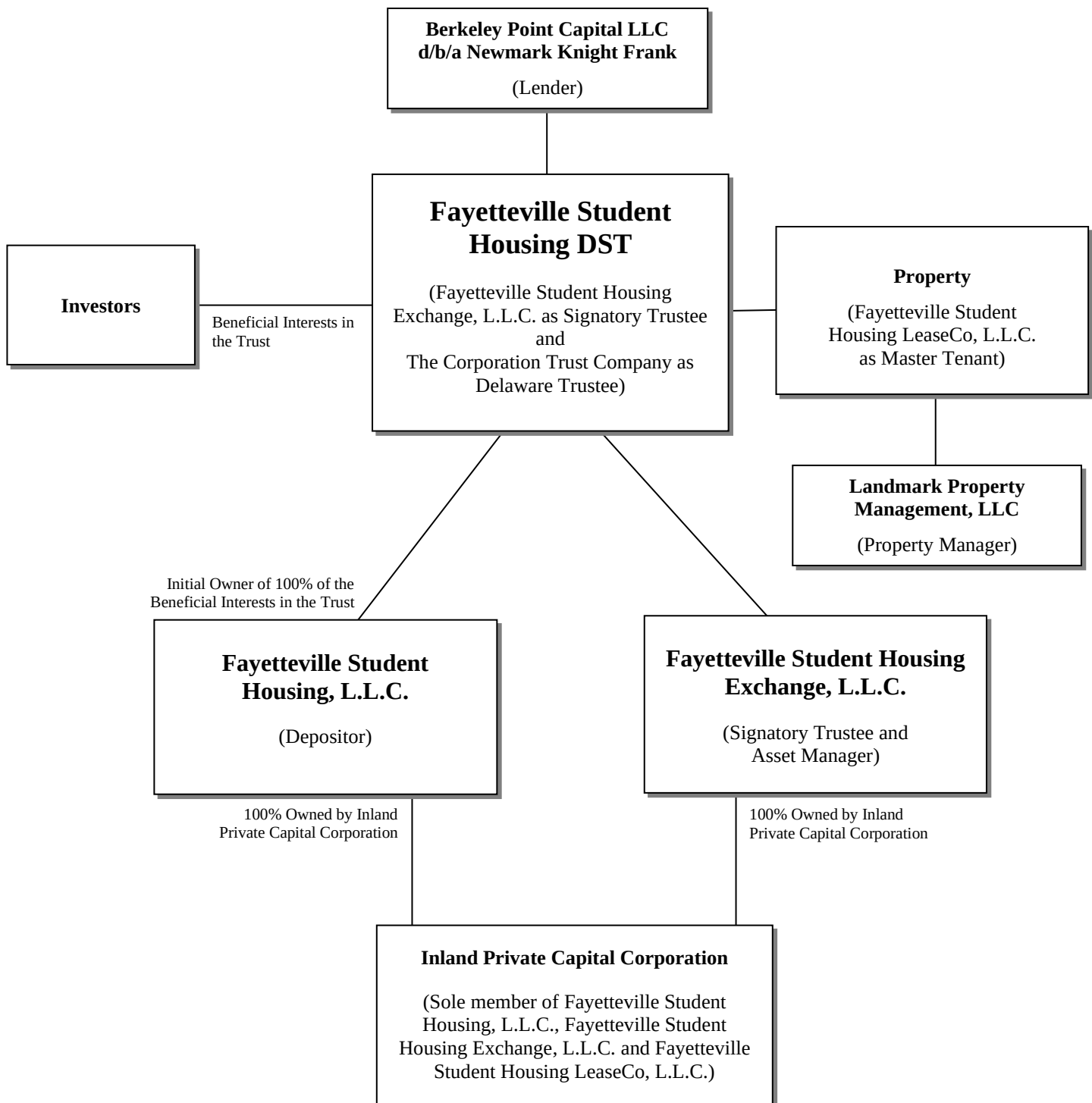
Tax Considerations

Tax counsel to the Trust ("**Special Tax Counsel**") has provided a tax opinion (the "**Tax Opinion**") that the acquisition of the Interests by an Investor should be treated as a direct acquisition of the Property for purposes of Section 1031. However, this opinion is limited in scope and does not opine on all matters necessary for the prospective Investor's acquisition to qualify under Section 1031. See Exhibit C, Opinion of Special Tax Counsel, and "*Risk Factors*" for additional discussion regarding tax considerations. Each prospective Investor 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 and will be required to acknowledge the same in the Investor Questionnaire & Purchase Agreement.

THE PROSPECTIVE INVESTORS WILL ACQUIRE THEIR INTERESTS WITHOUT ANY REPRESENTATIONS OR WARRANTIES FROM THE TRUST, THE SPONSOR, THE ASSET MANAGER 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.

A diagram summarizing the ongoing relationship among the Trust, the Lender, the Asset Manager, the Master Tenant, the Property Manager and other parties involved in the transactions discussed herein is set forth on the following page.



FREQUENTLY ASKED QUESTIONS

What 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 June 30, 2019, IPC had sponsored 241 private placement programs, which have offered more than \$4.93 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, 2018, Inland had raised more than \$24 billion from investment product sales to over 490,000 investors, many of whom have invested in more than one product. As of December 31, 2018, Inland entities owned properties in 44 states and managed assets with a value of approximately \$10.5 billion. As of December 31, 2018, Inland was responsible for managing approximately 45 million square feet of commercial properties, as well as 18,607 multifamily units. As of December 31, 2018, Inland had sponsored 578 completed programs, including 508 private and public limited partnerships, 69 Section 1031 exchange programs and five non-listed REITs. IREIC and its subsidiaries completed 30 full-cycle programs in 2017 and 2018 alone, comprised of 18 Section 1031 exchange programs and 51 private/public limited partnerships. 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 is Fayetteville Student Housing LeaseCo, L.L.C.?

The Master Tenant under the Master Lease will be Fayetteville Student Housing LeaseCo, L.L.C., a Delaware limited liability company, wholly owned by IPC. The Trust will enter into the Master Lease for the Property with the Master Tenant and will assign the Residential Leases to the Master Tenant.

Capitalization of the Master Tenant will be provided by IPC through the Demand Note in an amount equal to \$698,000. IPC’s Demand Note obligations will be reduced by the amount of any net earnings IPC retains in the Master Tenant. A draft copy of the Demand Note is available in the Digital Investor Kit. A copy of the executed Demand Note will be made available to Investors prior to an Investor’s purchase of Interests.

The purpose of the Master Lease is to permit the Master Tenant to operate the Property on behalf of the Trust and to enable actions to be taken with respect to the Property that the 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 Lease.*”

Who are the Residents and what is the University of Arkansas?

The Residents are generally students of the University of Arkansas, which is located approximately two miles from the Property.

Founded in 1871 as a land-grant institution, the University is the flagship of the University of Arkansas System. The University’s over 27,000 students represent all 50 states and more than 120 countries. The University has 10 colleges and schools offering more than 210 academic programs. The University is accredited by the Higher Learning Commission.

The University’s campus is located in Fayetteville in the hilly northwest corner of Arkansas and includes two arboreta overlooking the Ozark Mountains. Some of the nation’s best outdoor amenities and most spectacular hiking trails are within a short drive of campus.

This description of the University is based on, and qualified in its entirety by, the information provided by the University on its website, <http://www.uark.edu/>. The Sponsor did not independently verify such information and cannot assure you of its accuracy or completeness. Investors are encouraged to visit the site on a regular basis to review the most up-to-date information regarding the University.

What are Landmark Property Management, LLC and Landmark Properties, Inc.?

The Property will be managed by Landmark Property Management, LLC, which is an affiliate of Landmark Properties, Inc., a Georgia corporation, a fully integrated real estate firm specializing in the acquisition, development and management of high-quality student housing communities.

Headquartered in Athens, Georgia, Landmark Properties is one of the foremost developers and managers of off-campus housing communities in the country. Landmark Properties is focused on maximizing each property’s value while providing the very best college living experience for its residents. Landmark Properties has successfully developed numerous student communities that are designed to meet the needs of the students, the university and the community. The company’s track record is unparalleled with over 19 new construction lease ups at 95% occupancy or greater, and an overall company-wide historical occupancy rate of over 97%. Landmark Properties also has a proven track-record of turning around under-performing properties by successfully increasing both occupancy and rates to maximize the property’s value.

Landmark Properties’ mission is to be the leading choice for capital partners in search of strategic investment opportunities in the student housing sector. In addition to providing exceptional results for Landmark Properties’ investors, the company is dedicated to transparent business interactions, excellent client relations and an unwavering commitment to integrity

As of August 2019, Landmark Properties had over 750 employees and \$4.1 billion of assets under management. Landmark Properties’ portfolio as of August 2019 included more than 60 student housing properties across the country and more than 32,000 beds, including over \$1.8 billion in assets under construction.

Landmark Properties’ senior leadership has over 100 years of collective industry experience. See “*Property Management – The Property Management Team*” for the biographies of Landmark Properties’ leadership.

Landmark Properties maintains a website at www.landmark-properties.com. Investors are encouraged to visit the site on a regular basis to review the most up-to-date information regarding Landmark Properties. An overview of Landmark Properties’ performance record is included in the Digital Investor Kit. Please note, however, that IPC did not independently verify this information and cannot assure Investors of its accuracy or completeness.

What exactly am I purchasing?

You are purchasing an Interest in the Trust, which will acquire and own the 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 Trust's debt for purposes of calculating the amount of your replacement property for purposes of Section 1031.

Why is the Property being held in a Delaware Statutory Trust?

The DST structure, rather than a tenant-in-common structure, will be being utilized for the ownership of the Property 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 since no single member limited liability company is required to be formed;
- no personal liability for beneficiaries under the Loan with regard to the Property; and
- lower transaction costs, since the Investors will not assume the Loan nor do they obtain direct title to the Property.

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

How do I identify the Property for my Section 1031 Exchange?

You must contact your qualified intermediary and tax advisor for the appropriate identification procedure.

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 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 Property 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, the timing of the closing process will be dependent on the ability of the Trust to acquire the Property and obtain the Loan. No prospective Investor will be able to acquire an Interest in the Trust until the Closing Date, which is the date on which the following events have occurred: (1) the Trust has acquired the

Property and obtained the Loan; (2) the Trust has entered into the Master Lease and assigned the Residential Leases to the Master Tenant; (3) the Trust has entered into the Asset Management Agreement; and (4) the Master Tenant has entered into the Property Management Agreement. If the Trust receives your Investor Questionnaire & Purchase Agreement prior to the Closing Date, it will hold your Investor Questionnaire & Purchase Agreement, but it will not accept any payment for the purchase of the Interests, until the Closing Date. The Trust will begin accepting payment of the purchase price for the Interests immediately following the issuance of the Closing Supplement. See “*The Offering – How to Purchase the Interests*” for a more detailed discussion on the steps you must take 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 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 Property?

Yes. Many Investors’ Relinquished Properties were 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. It is anticipated that the Property will be subject to the Loan in the original principal amount of \$34,237,000, which will be secured by, among other things, a first priority Mortgage on the 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 Loan, which is expected to be \$96,229.72 per \$100,000 Interest. See “*Financing Terms*” and “*Risk Factors – Risks Related to the Anticipated Financing*” for additional discussion regarding the anticipated terms of the Loan.

Will the Lender 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 and other inquiries as set forth in the Investor Questionnaire & Purchase Agreement attached hereto as Exhibit A, the Lender will not 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 the Trust, the 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 the Lender to determine that the transferee is not a “Prohibited Person” (as defined in the Loan Agreement). See “*Financing Terms – Restrictions on Transfer of Interests*.”

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 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 Trust?

The 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 Trust before the Property is 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 understands the Interests are not freely transferable and, in any event, that such Investor must bear the economic risk of investment in the Interest for an indefinite period of time because the Interests have not been registered under the Securities Act or certain applicable state “blue sky” or securities laws, and that the Interest 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 Trust Agreement and the Loan Documents. If an Investor is able to sell his, her or its Interest in accordance with the 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 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.

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

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

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

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

The Investor’s statement of income and expenses will be sent to each Investor on or before the end of the first quarter following the end of the calendar year. Each Investor will need to calculate his, her or its own depreciation deduction for tax purposes.

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

In an effort to increase operational transparency and financial reporting to Investors, the Trust has retained an independent Certified Public Accountant (the “**Auditor**”) to perform an annual “cash basis audit” of the Property’s 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 Trust, which report will be available to Investors upon request.

Will I be subject to state income tax in the state in which the Property is 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 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.”

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.

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 Trust will coordinate with the qualified intermediary (if applicable) to receive the funds and issue the assignment of the Interests in the 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.

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 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 Trust.

The Trustees (and in particular the Signatory Trustee) are solely responsible for the operation and management of the Trust. The Investors will have no right to participate in the management of the Trust or in the decisions made by the Trustees. The Trustees and the Asset Manager will not consult with the Investors when making decisions with respect to the Trust and the Property. The 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 may only be removed by Investors holding a majority of the Interests and only if the Trustees have engaged in willful misconduct, fraud or gross negligence with respect to the Trust.

The Trustees will have limited duties to the 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 Agreement. Specifically, the Trustees do not have a fiduciary duty to any Investors as would 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 Trust Agreement provides that the 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 Trust Agreement, or they fail to use ordinary care in disbursing monies to Investors pursuant to the terms of the Trust Agreement.

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

To comply with the tax law regarding exchanges under Section 1031, the Trust structure prevents its Trustees from engaging in numerous actions, including: (1) disposing of the Property and acquiring new real estate or reinvesting any monies of the Trust, except as permitted under the Trust Agreement; (2) renegotiating the terms of the 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 Property other than as required by law; (4) after the formation and capitalization of the 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 Trust to be treated as a “business entity” for federal income tax purposes.

Accordingly, in order to be able to take the actions necessary to avoid a default under the Loan and loss of the Property, the Trust may be converted into a Springing LLC, in which case it will be governed by the terms of the Springing LLC Operating Agreement attached to the Trust Agreement (the “**Springing LLC Operating Agreement**”). The Property will remain subject to the Loan and Master Lease after such Transfer Distribution

(unless otherwise terminated or renegotiated). The ownership interest of each Investor in the Springing LLC resulting from the Trust will be identical to such Investor's Interest in the Trust (subject to the impact of additional capital requirements in that 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 Property. Because the Springing LLC (from the 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 Property is ultimately sold.

Investors will not have legal title to the Property.

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

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

The Trustees (including the Signatory Trustee in its capacity as the Asset Manager) are entitled to receive significant fees and other compensation and payments regardless of whether the Trust is profitable. Those fees will be paid prior to any distributions to the Investors.

Risks Related to the Property

There are inherent risks with real estate investments.

The investments by the Investors in the 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 Property. 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 Property;
- the attractiveness of the Property to potential Residents;
- the cyclical leasing cycle associated with student housing properties;
- the ability to collect rent from the Residents;
- changes in availability and costs of financing, which may affect the sale of the Property;
- eminent domain or condemnation actions against the Property;
- covenants, conditions, restrictions and easements relating to the Property;
- governmental regulations, including financing, environmental usage and tax laws, regulations and insurance;
- the ability of the Master Tenant to pay for adequate maintenance, insurance and other operating costs, including real estate taxes, which could increase over time; and
- acts of nature, such as hurricanes, earthquakes, tornadoes and floods that may damage the Property and acts of nature such as a drought that could affect the value of real estate in the affected area including the Property.

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

As the owner of a student housing property, the Trust's results of operations will be subject to an annual leasing cycle, short lease-up period, seasonal cash flows, changing university admission and housing policies and other risks inherent in the student housing industry.

The Residential Leases typically have terms of 12 months, all of which begin and end on the same schedule. Accordingly, the Property must be entirely re-leased to Residents each year, exposing the Master Tenant, and ultimately the Trust, to increased leasing risk. In addition, student housing properties like the Property are typically leased during a limited leasing season. The Master Tenant therefore will be highly dependent on the effectiveness of the Property Manager's marketing and leasing efforts and personnel during this season.

Additionally, Residents may be more likely to default on their lease obligations during the summer months, which could further reduce the Master Tenant's revenues during this period. Although the Property Manager typically requires the Residential Leases to be guaranteed by a parent, the Master Tenant may have to spend considerable effort and expense in pursuing payment upon a defaulted lease, and such efforts may not be successful.

Changes in university admission policies at the University could adversely affect the Trust. For example, if the University reduces the number of student admissions or requires that an additional class of students, such as sophomores, live on campus (freshman are already required to live on-campus), the demand for beds at the Property may be reduced and occupancy rates may decline. While the Property Manager may engage in marketing efforts to compensate for such change in admission policies, the Property Manager may not be able to affect such marketing efforts prior to the commencement of the annual lease-up period, or its additional marketing efforts may not be successful.

Federal and state laws require colleges to publish and distribute reports of on-campus crime statistics, which may result in negative publicity and media coverage associated with crimes occurring on or in the vicinity of the Property. Reports of crime or other negative publicity regarding the safety of the students residing on, or near, the Property may have an adverse effect on both our on-campus and off-campus business.

Volatile economic conditions may adversely affect the 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.

The financial performance of the Property will be dependent upon the Residents.

The financial performance of the Property, and in turn the ability of the Master Tenant to meet its obligations under the Master Lease, will depend on the performance of the Residents and their payment of rent under their respective Residential Leases. Additionally, residents of student housing are inherently transient and the Property will face significant Resident turnover as students graduate or otherwise cease to attend the University. If a large number of Residents becomes unable to make rental payments when due, decides not to renew their Residential Leases, or decides to terminate their Residential Leases, this could result in a significant reduction in rental revenues, which could require the Trust or the Springing LLC to contribute additional capital or obtain alternative financing to meet obligations under the Loan. In addition, the costs and time involved in enforcing rights under a Residential Lease with a Resident, including eviction and re-leasing costs, may be substantial and could be greater than the value of such Residential Lease. There can be no assurance that the Master Tenant, the Asset Manager, or the Springing LLC will be able to successfully pursue and collect from defaulting Residents or re-let the premises to new Residents without incurring substantial costs, if at all.

The ability of the Master Tenant, the Asset Manager or the Springing LLC to retain current Residents, and the ability of the Master Tenant, the Asset Manager or the Springing LLC to attract new Residents, if necessary, and for the Master Tenant, the Asset Manager or the Springing LLC to increase rental rates as necessary, will depend on factors both within and beyond the control of the Master Tenant, the Asset Manager, and the Springing LLC. These factors include changing student housing and demographic trends and traffic patterns, the availability and rental rates of competing dormitories or private residential space, general and local economic conditions, the growth and success of the University, and the financial viability of the Residents. The loss of a Resident and the inability to

maintain favorable rental rates with respect to the Property would adversely affect the viability of the Trust and the value of the Property. Although insurance will be obtained with respect to the Property 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 – Insurance, Casualty and Condemnation.*” The occurrence of a casualty resulting in damage to the Property could decrease or interrupt the payment of Residents’ rent. In the event of an adverse effect on the income of the Trust, the Trust is not permitted to obtain additional funds through additional borrowings or additional capital, and could be required to effect a Transfer Distribution. If, after a Transfer Distribution, additional funds are not available from any source, the Springing LLC would be forced to dispose of all or a portion of the Property 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 private student housing could limit the Master Tenant’s ability to retain the Residents, lease the Units or increase or maintain rents.

The student housing sector is highly competitive. The Trust expects to face competition from many sources, including public dormitories and other private student housing, both in the immediate vicinity and in the geographic market where the Property is located. The Property’s competitors may have greater experience and financial resources than the Trust and the Master Tenant, giving them an advantage in attracting tenants to their properties. In addition, the University may provide new or updated student housing facilities that have advantages over the Property or private student housing in general, such as affordability and proximity to campus. If the costs of college education continue to rise, students at the University may be unwilling or unable to afford luxury private student housing and may choose more cost-effective housing as an alternative to the Property. Competitors may be willing to offer units at rental rates below the rental rates at the Property, causing the Master Tenant to lose existing or potential Residents and pressuring the Master Tenant to reduce rental rates to retain existing Residents or convince new residents to lease space at the Property. In the event that the Master Tenant is unable to pay Rent or satisfy its obligations under its Master Lease, the Trust may experience loss of income.

The operation of the Property 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 Trust and the Master Tenant.

Public utilities, especially those that provide water and electric power, are fundamental for the sound operation of the Property. 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 Tenant’s costs, as it may be forced to use backup generators.

An increase in real estate taxes may affect the operating results of the Property and the Trust.

The projected income from the Property 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 the Property declines. An increase in the assessed valuation of the Property for real estate tax purposes will result in an increase in the related real estate taxes on the Property. In the event that the actual Uncontrollable Costs (which include real estate taxes and similar impositions, utility costs, insurance costs and the cost of snow removal) for any calendar year for the Property exceed the Projected Uncontrollable Costs for such year for the 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 Trust. See “*Summary of the Leases – Master Lease – Rent.*”

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

The Sponsor increased the aggregate purchase price of the Interests above the acquisition cost with respect to the Property 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 Property. In order to make a profit on a sale of the Property 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 Property or Interest.

The Reserve Accounts may not be sufficient to cover Property costs and the Master Tenant may not be able to cover any excess costs.

Pursuant to the Master Lease, the Trust will be required to maintain the Trust Reserve Account to make funds available for Capital Expenditures and unanticipated costs in relation to the Property. The Trust will make an initial contribution to the Trust Reserve Account from the proceeds of the Loan, in the amount of \$2,127,700. An annual reserve contribution to the Trust Reserve Account will be withheld from Supplemental Rent, to the extent available, by the Master Tenant up to a maximum annual amount of \$117,360 for 2020, determined on an annualized basis. See “*Summary of the Leases – Master Lease – Rent*” and “*Summary of the Leases – Master Lease – Trust Reserve Account*.”

The Trust Reserve Account will fund additional Capital Expenditures and unanticipated costs throughout the life of the investment. In the event that additional reserves are needed, the Asset Manager may withhold distributions from the Trust to the Investors, thereby reducing projected returns. See “*Summary of the Offering – Trust Reserve Accounts*.” Under the Master Lease, the Master Tenant will be responsible for the remainder of the repair costs. Nevertheless, if the Master Tenant fails to make necessary repairs, the Property could fall into disrepair or if the Master Tenant fails to compensate any workmen, the Property could become subject to liens that the Trust would be obligated to pay. Any such failure by the Master Tenant may require a Transfer Distribution to occur. If after a Transfer Distribution, additional funds are not available from any source, the Springing LLC would be forced to dispose of the Property on terms that may not be favorable to the Investors or, in the case of the Loan, the Lender may foreclose on the Property and the Investors could lose their entire investment. In addition, a Transfer Distribution may have adverse tax consequences for the Beneficial Owners. See “*Federal Income Tax Consequences*.”

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

The Trust will acquire and lease the Property in an “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.

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

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 Property. If the Property does not comply with these requirements, the Trust 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 the Property. These laws, rules, regulations or ordinances may adversely affect the ability of the Trust to operate or sell the Property.

A cybersecurity incident and other technology disruptions could negatively impact the Trust’s business and the Master Tenant’s relationship with the Residents.

The Trust and the Master Tenant 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 Trust, the Master Tenant 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 Trust, the Master Tenant 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 Trust and the Master Tenant, or the technology systems of third-parties on which the Trust and the Master Tenant rely (including those of the Property Manager), 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 Trust's financial condition or results of operations.

Uninsured losses may adversely affect returns.

Under the Master Lease, the Master Tenant 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 Lease, as well as any other insurance required by the Loan Documents or the Trust. See "*Summary of the Leases – Master Lease – Insurance*" and "*Financing Terms– Insurance, Casualty and Condemnation.*" 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 Lease, the Master Tenant will be required to restore the Property 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 entire Property and the Master Lease is not terminated in accordance with the terms thereof, the Master Tenant will be required to restore the Property, and will have the right to utilize any condemnation award received, subject to the terms of the Loan, in an amount equal to the cost of the restoration. However, in the event the cost of the restoration exceeds any award, the Master Tenant will be required to pay for any deficiency. There is no guarantee that the Master Tenant will have sufficient funds to restore the 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 Trust may be required to fund such excess costs. In the event the 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. The Master Tenant's failure or refusal to rebuild the Property after a casualty or condemnation may result in a default by the Trust under the Loan Documents, which may permit the Lender to exercise its remedies under the Loan Documents.

The Trust will not guarantee the condition of, or title to, the Property.

The Trust will not make any warranties or representations to the Investors regarding the condition of the Property. A prospective Investor is investing in the Property 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 Property is 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 policy and survey, which policy and survey are available in the Digital Investor Kit. These matters may include, for example, easements, declarations, restrictions and other limitations on the right of the Trust to construct, develop and use the Property. See "*The Properties – Agreements Affecting the Properties*" for additional discussion. In addition, other issues that are not disclosed by the policies or the survey may affect title. In connection with the acquisition of the Property, the Trust will obtain title insurance; however, the title will be insured only in an amount equal to the purchase price of the Property and not the full amount of the total acquisition cost (\$62,949,840). In the event that a known or new matter arises with respect to the Property, however, there is no guarantee that the title insurance will sufficiently protect the Trust against all title issues affecting the Property, that the title company will pay any claim, that the title insurance is sufficient to cover any damages, or that the Trust will not incur costs in making a title insurance claim.

The existence of any environmental issues with the Property may adversely affect the Trust.

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, even if the conditions are not discovered until after it sells a property. If hazardous substances are found at any time on a property, the applicable property owner may be found to be responsible for all or a portion of cleanup costs, fines, penalties and other costs regardless of whether the property owner owned such property when the releases occurred or the hazardous substances were discovered. Under the Federal Comprehensive Environmental Response, Compensation, and Liability Act ("**CERCLA**") (which does not apply to petroleum contamination), as well as other federal and state environmental laws, a purchaser of property may qualify for affirmative defenses to, and exemptions from, liability;

one of the factors often critical to the 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.”

A Phase I dated September 16, 2019 was obtained for the Property from performed by ATC Group Services LLC, in compliance with the standards of ASTM Practice E 1527-13, which the United States Environmental Protection Agency (“**USEPA**”) and many states have recognized as adequate to demonstrate compliance with “All Appropriate Inquiry.” The objective of the Phase I was to identify any Recognized Environmental Conditions (“**RECs**”), Historical RECs (“**HRECs**”), Controlled RECs (“**CRECs**”) and/or any other *de minimis* conditions (“**de minimis conditions**”) in connection with the Property. A REC is defined by ASTM 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 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.” A Controlled REC is defined by ASTM E1527-13 as “a past release of any hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory authority (for example as evidenced by issuance of a no further action letter or equivalent) with hazardous substances or petroleum allowed to remain in place subject to implementation of 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. The Phase I was timely conducted no more than 180 days prior to the Trust’s anticipated acquisition of the Property.

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

The reliance terms of the Phase I entitle the Trust to rely on the Phase I. Accordingly, in the event environmental contamination consisting of hazardous substances or petroleum existed with respect to the Property when the 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 Trust may be able to avail itself of the defenses to, and the exemptions from, liability that are available under CERCLA and other federal and state laws since the Trust expects to acquire the Property within 180 days of the effective date of the Phase I and otherwise satisfied the conditions of All Appropriate Inquiry.

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

The Phase I did not identify any evidence of RECs, HRECs, CRECs or *de minimis* conditions. The Phase I did not recommend any further investigation.

The Property 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 the Property could require the Trust 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 Trust to liability to the Residents and others if property damage or health concerns arise. Although mold is beyond the required scope of a Phase I, the Phase I for the Property considered mold as part of a non-scope consideration. The Phase I did not reveal any readily identifiable mold growth or conditions that would be conducive to mold growth. However, the mold evaluation was based on observation only. No sampling or assessment of inaccessible areas was performed.

Terrorist attacks and other acts of violence or war may affect the Trust's 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 the Property to generate operating income and, therefore, the Trust's ability to pay distributions.

Risks Related to the Anticipated Financing

The following disclosures address the risks associated with the anticipated terms of the Loan. These disclosures are subject to change based on the final 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 Loan Documents will not be finalized until after the Offering has commenced.

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

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

Following the Closing Date, the Trust will own the Property subject to the Loan. If there is a shortfall between the cash flow from the Property and the cash flow needed to service the Loan, then the amount of cash flow from operations available for distribution will be reduced. In addition, mortgage debt increases the risk of loss since any defaults under the Loan may result in the Lender initiating a foreclosure action. In such a case, the Trust could lose the Property, and the Investors could lose their entire investment in the Trust.

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

The ability of the Trust to repay the Loan will depend in part upon the sale or other disposition of the Property. There can be no assurance that a sale can be accomplished at a time or on terms and conditions that will permit the 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 the Property. If the Property cannot be sold by the maturity date of the Loan, then the Signatory Trustee would likely determine that the 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, 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 Loan. However, no assurances can be made that the terms of any new loan will be competitive with or better than the terms of the Loan. Similarly, no assurances can be made that the Property could be sold, or that a sale of the Property would not result in a loss for the Trust. In addition, a Transfer Distribution may have adverse tax consequences for the Investors. See "*Federal Income Tax Consequences.*"

The prepayment provisions of the Loan Agreement may negatively affect the Trust's exit strategy.

One of the Trust's principal objectives will be to complete a sale of the Property prior to the maturity date of the Loan. However, the Loan will have a term of 10 years and depending on when the Trust sells the Property and repays the Loan, it may be subject to a prepayment penalty.

Specifically, the Loan may be prepaid in whole (but not in part) at any time during the term of the Loan, subject to a yield maintenance prepayment penalty. The prepayment penalty will be equal to the "Prepayment Premium," as defined and calculated in accordance with a formula set forth in the Loan Agreement (with a minimum fee of 1% of the principal amount being repaid); provided, however, if the prepayment is made (1) after May 31, 2029 but before August 31, 2029, the Prepayment Premium will be 1% of the amount of principal being prepaid, or (2) on or after August 31, 2029, no prepayment penalty will be due.

The Trust's desire to avoid a prepayment premium may impact the timing of a sale of the Property. In addition, in the event that the Trust sells the Property before August 31, 2029 the proceeds from a sale will be reduced by the prepayment penalty under the Loan Documents. See "*Financing Terms*" for additional discussion.

The Loan Documents are expected to contain various restrictions on transfer.

The Loan Agreement is expected to contain various restrictions on the transfer of Interests. A direct or indirect transfer of Interests is expected to be permitted, provided that the following conditions are satisfied: (1) no event of default (as described in the Loan Agreement), or any event that would constitute an event of default, has occurred and is continuing; (2) Fayetteville Student Housing Exchange, L.L.C. continues to be the Signatory Trustee and Asset Manager of the Trust, and maintains the same ability to manage and "Control" (as defined in the Loan Agreement) the Trust as it did on the closing date; (3) IPC continues to be the manager of Fayetteville Student Housing Exchange, L.L.C. and maintains the same ability to manage and Control Fayetteville Student Housing Exchange, L.L.C. as it did on the closing date; and (4) in the event that any transfer would result in the transferee owning 25% or more of a direct or indirect beneficial interest in the Trust, the Trust provides advance written notice to the Lender of such transfer and provides the Lender with such information as necessary to allow the Lender to determine that the transferee is not a "Prohibited Person" (as defined in the Loan Agreement).

The Loan Documents are expected to contain various restrictive covenants, and if the Trust fails to satisfy or violates these covenants, the Lender may declare the Loan in default.

The Loan Documents are expected to contain customary covenants, representations and warranties. If the Trust fails to satisfy or violates the covenants and agreements in the Loan Documents, then the Lender may declare the Loan in default. If the Trust fails to cure a default within the time periods set forth in the Loan Documents, the Lender will have several remedies available, including foreclosing on the Property or declaring all amounts due and payable. If the Lender were to foreclose on the Property or to declare the Loan due, the Investors could lose their entire investment in the Property. See "*Financing Terms – Covenants, Representations and Warranties*."

In certain events, the Lender may require that the insurance or condemnation proceeds be used to repay the Loan rather than repair or restore the Property.

It is anticipated that the Loan Agreement will require the Trust to maintain (or cause the Master Tenant to maintain) specific types and amounts of insurance with respect to the Property. Under the Loan Documents, in the event of a condemnation or casualty of the Property, the Lender will allow the insurance or condemnation proceeds to be used by the Trust to repair and restore the 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 Loan. Consequently, the Investors could lose all or substantially all of their investment in the Property.

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

The Loan Documents contain several covenants requiring the Trust and/or Master Tenant to prepare various financial and operating reports and statements. These reports and statements will be prepared by the Asset Manager or the Property Manager. If the Asset Manager or the Property Manager fails 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 Loan.

Risks Related to the Master Lease and the Management of the Property

The Master Tenant will have limited capital.

The capitalization of the Master Tenant will consist solely of the Demand Note in favor of the Master Tenant from IPC, and IPC will be under no obligation to contribute capital to the Master Tenant other than the amount of the Demand Note. If the Master Tenant needs funds to pay the Rent under the Master Lease or satisfy its other obligations under the Master Lease, it will need to call upon IPC to contribute the amount of the Demand Note. However, no assurance can be given that the amount of the Demand Note will be sufficient to enable the Master Tenant to pay Rent or to fund its obligations under the Master Lease, or that IPC will be able to fund the Demand Note if called upon by the Master Tenant to do so. If the Master Tenant is unable to pay Rent or satisfy its

obligations under the Master Lease, the Master Tenant would be in default under the Master Lease and the Trust would likely terminate the Master Lease, subject to terms of the Loan Documents. In such event, the Trust (or the Springing LLC, if applicable) may not be able to enter into a master lease for the Property on terms similar to the Master Lease.

IPC may not be able to fund the Demand Note.

IPC will capitalize the Master Tenant with the Demand Note. IPC has additionally capitalized other master tenants in a like manner in connection with other sponsored offerings. IPC has in the past, and anticipates that it will in the future, 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 Note to the Master Tenant. In the event the Master Tenant is unable to pay Rent or satisfy its obligations under the Master Lease, the Trust may experience loss of income.

The 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 the Master Tenant needs funds to pay its Rent under the Master Lease or satisfy its other obligations under the Master Lease or the Property Management Agreement, it may need to call upon IPC to contribute the amount of the Demand Note. However, the 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 Trust will not have arm's-length arrangements with the Asset Manager or the Master Tenant*" and "*Conflicts of Interest – The landlord-tenant relationship between the Signatory Trustee and the Master Tenant may lead to a conflict of interest*" for further discussion.

Specifically, even if the Property is generating insufficient income, the Master Tenant will have no obligation to call upon IPC to contribute the amount of the Demand Note, and the Demand Note will not provide for any triggering events requiring IPC to contribute funds to the Master Tenant. If the Property is generating insufficient income and the Master Tenant decides not to call on the Demand Note, the Master Tenant could be unable to pay its Rent or satisfy its obligations under the Master Lease and the Property Management Agreement, resulting in a default under the Master Lease and the Property Management Agreement, and the likely termination of the Master Lease and the Property Management Agreement. In such event, the Trust (or a Springing LLC, if applicable) may not be able to enter into a master lease for the Property on terms similar to the Master Lease or a property management agreement on terms similar to the Property Management Agreement.

The Master Tenant is a newly formed entity.

The Master Tenant is a newly formed entity and has no operating history. Although the Property will be managed by the Property Manager, which has experience in managing other similar properties, no assurances can be given that the Property will be operated properly or successfully. In addition, no person or entity will guarantee payment of the Rent or the performance of the obligations of the Master Tenant under the Master Lease. A significant financial problem with the Property could adversely affect the Master Tenant's ability to satisfy its financial obligations under the Master Lease. Under the Master Lease, the Master Tenant will be obligated to pay the Rent and the operating expenditures of the Property (see "*Summary of the Leases – Master Lease – Rent*") regardless of whether the Property is profitable. If the Property is performing poorly, for whatever reason, the Master Tenant may not be able to pay the Rent. Furthermore, if the Master Tenant is unable to pay the operating expenditures with respect to the Property, the Property 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 the Springing LLC in order to address these deficiencies. Additionally, such inability to act could result in an event of default under the Loan Documents. See "*Financing Terms – Events of Default*."

Bankruptcy of the Master Tenant would adversely affect the Trust.

If a bankruptcy or similar insolvency proceeding were initiated with respect to the Master Tenant, the Trust would be adversely affected. For example, a bankruptcy trustee appointed for the Master Tenant might attempt to reject one or more Residential Leases. Further, as a result of the automatic stay provided for under the applicable

bankruptcy laws, the Trust might not be able to enforce the Master Tenant's obligations under the Master Lease or reach rental payments being made by the Residents to the Master Tenant, which could negatively impact the Trust's ability to receive rent with respect to the Property. Any such bankruptcy or similar insolvency proceeding could also result in an event of default under the Loan Documents. See "*Financing Terms – Events of Default*."

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 will be made as such payments are contingent upon the successful operation of the Property. See "*Risk Factors – Risks Related to the Property*."

The Trust will rely on the Asset Manager to manage its assets and day-to-day operations.

Concurrent with acquiring the Property and obtaining the Loan, the Trust will enter into the Asset Management Agreement with the Asset Manager. In its capacity as the asset manager, the Asset Manager will be responsible for managing the Trust's day-to-day operations, including, but not limited to: reviewing all performance and financial information related to the 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 Loan; preparing financial reports for the Lender; managing the Reserve Accounts; providing bookkeeping and accounting services and maintaining the Trust's books and records; administering monthly cash distributions to the Investors; 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 Trust's investment objectives, including providing secretarial, clerical and administrative assistance for the 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 Property to the Asset Manager. If the Asset Manager fails to properly manage the assets or finances or other aspects of the Property, 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 Tenant will rely on the Property Manager, a third party unaffiliated with IPC, to manage the Property.

The Property Manager will manage the Property pursuant to the Property Management Agreement between the Master Tenant and the Property Manager. The Property Management Agreement will have an Initial Term of three years, which will automatically renew for successive periods of one year thereafter. During the term of the Property Management Agreement, the Property Manager will have the exclusive right to manage and operate the Property. If the Property Manager is not successful in operating and managing the Property, 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 Manager and the Master Tenant will be subject to various conflicts of interest.

IPC, the Asset Manager, the Master Tenant 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, or will assume, on behalf of the Trust. Conflicts exist in allocating management time, services and functions between their current and future activities and the Trust. None of the management arrangements or agreements between or with such entities is the result of arm's-length negotiations. See "*Conflicts of Interest*" for additional discussion.

The Property Manager will be subject to additional conflicts of interest.

The Property Manager, a third party unrelated to the Trust, the Master Tenant, the Asset Manager, and the Sponsor, will be subject to conflicts of interest among its activities, roles and duties for other entities and the activities, roles and duties it is expected to assume on behalf of the Master Tenant. Conflicts exist in allocating management time, services and functions between its current and future activities and the Master Tenant.

The Property Manager and/or its affiliates may now or in the future own or manage student housing properties in the vicinity of the Property. The Property Manager could direct Residents away from renewing their Residential Leases and toward leasing apartment units at such other properties; provided, however, the Property Management Agreement will require the Property Manager to perform its duties under the Property Management

Agreement using the same standard of care exercised in managing and operating its own, and/or any affiliate's student housing properties, subject to limitations in the annual management plans for the respective Property. See "Property Management" for additional discussion.

It would be costly to terminate and replace the Property Manager.

In the event that the Master Tenant elects to terminate the Property Management Agreement for convenience during the Initial Term, the Master Tenant will be obligated to pay the Property Manager the PM Termination Fee equal to: (a) if the effective date of the termination is within 12 months of the PMA Effective Date, \$30,000; (b) if the effective date of the termination is between 12 and 24 months following the PMA Effective Date, \$15,000; or (c) if the effective date of the termination is between 24 and 36 months following the PMA Effective Date, \$7,500. The obligation to pay such termination fee may prevent the Master Tenant from terminating the Property Management Agreement even if it otherwise would have done so.

Additionally, in the event that the Master Tenant determines to terminate the Property Management Agreements, the Master Tenant would need to identify a qualified replacement manager and incur the re-branding costs associated with the new property manager and brand.

Actual results may differ from those forecasted in this Memorandum.

The anticipated results of operations set forth in this Memorandum, and in Exhibit D, Forecasted Statement of Cash Flows, are based upon current estimates of income and expenses relating to the operation of the Property. Any return to the Investors on their investment will depend on the ability of the Asset Manager, the Property Manager and the Master Tenant to operate the Property profitably and ultimately sell the Property 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 Tenant or any Residents to make such payments when due.

Therefore, the actual results achieved during the life of the ownership of the Property 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 Property.

Any proceeds realized from the sale of the Property will be distributed to the Investors in accordance with their respective Interests, but only after payment of any loan then outstanding on the Property (and any other loans), expenses of the transaction, including a broker's fee and a Disposition Fee to the Master Tenant and satisfaction of the claims of other third-party creditors. Since the Asset Manager 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 the Property.

Investors will not receive audited financial statements for the Property.

There will not be any standard audited financial reports available to the Investors with respect to the Property. Instead, a "cash basis" audit will be performed; see "Frequently Asked Questions – What kind of audit will be performed on the operations of the Property?" 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 Property.

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 Property 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 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 the Offering 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 Trust fails to comply with the requirements of the exemptions related to the Interests, the 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 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 Trust would face severe financial demands that would adversely affect the 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 the Interests in the Trust, the assets of which will consist solely of the Property, subject to the Master Lease. Thus, an investment in the Interests will not be diversified as to the type of asset, tenant mix or geographic location.

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

The Trust, the Signatory Trustee and their respective affiliates are not represented by separate counsel. Further, the Trust's and the 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 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 Depositor or its affiliate 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 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.

Tax Risks

There are substantial issues 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’ acceptance of the treatment of any item by an Investor.

THE DISCUSSION SET FORTH HEREIN IS NOT ADVICE INTENDED TO BE RELIED UPON AND USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING ANY PENALTIES IMPOSED ON THE TAXPAYER. 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 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 Trust nor its affiliates or agents is 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 Delaware statutory trust described in the ruling (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 Trust, and because there are provisions in the Trust Agreement 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 Signatory Trustee is related to the Depositor; (c) any Interest retained by the Sponsor or its affiliates; or (d) the leasing of the Property by the Trust pursuant to the Master Lease to the Master Tenant, which is a special purpose entity affiliated with the Sponsor, including the mechanism set forth in the Master Lease for the calculation of rent payable by the Master Tenant to the Trust.

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 Relinquished Property; 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.

Replacement property identification rules are complex and may be strictly construed.

Section 1031 generally permits taxpayers 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**"). If the three-property rule and 200% rule are violated, an Investor will still be treated as properly identifying any replacement property identified before the end of the identification period and received before the end of the exchange period if the fair market value of the replacement property received is at least 95% of the aggregate fair market value of all identified replacement property. These identification rules are strictly construed and your exchange will be totally disqualified if you fail to comply with these requirements or do not meet the applicable deadlines under Section 1031. Prospective investors should consult with their own tax advisors prior to identifying the Interests as replacement property.

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

Under certain conditions, closing and carrying costs, loan fees and costs, and lease inducement expenses and costs 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.

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 Trust, 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.

The conversion of the Trust to the Springing LLC may have adverse tax consequences to Investors.

If the Trust is converted to the Springing LLC, the Trust Property will be transferred from the 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 Code 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. Because the conversion of the Trust to the Springing LLC could occur in several situations, it is not possible to determine all of the potential tax consequences to the Investors.

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

If the Trust is converted to the Springing LLC, the Interests will be converted into membership interests in the Springing LLC, which cannot be transferred in an exchange that qualifies for tax-deferred exchange treatment under Section 1031. If, after the conversion of the Trust into the Springing LLC, the Investors wish to engage in a tax-deferred exchange of their indirect interests in the Property, 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 Property 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 Exchange, 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 Trust Reserve Account and amounts paid in connection with the Offering constitute boot received by the Investors and not a reinvestment in real estate.

Passive activity, at risk, and excess business loss rules may limit losses.

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 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.

In addition, under the recent Tax Cuts and Jobs Act of 2017, 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 for 2018 was \$250,000 (or twice the applicable threshold amount in the case of a joint return). The threshold amount is indexed for inflation. In the case of a partnership or S corporation, the provision applies at the partner or shareholder level. The provision applies after the application of the passive loss rules.

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

Under the Tax Cuts and Jobs Act of 2017, business 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 under slightly longer recovery periods (40 years for nonresidential property, 30 years for residential rental property, and 20 years for qualified interior improvements). While Investors in the Interests 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 "*Federal Income Tax Consequences – Limit on Business Interest Deductions.*"

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 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 Trust. This will occur because cash flow from the Property may be used to fund nondeductible operating or capital expenses of the Property, including reserves and payments of principal on the Loan, that are not offset by depreciation or other deductions. In addition, a sale or exchange of the Property 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 Property 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 Property. 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.

ESTIMATED USE OF PROCEEDS

The following table sets forth the estimated sources and uses of the proceeds of the Offering. IPC, the Asset Manager, the Property Manager and their respective affiliates will receive substantial compensation and fees in connection with the Offering and the acquisition of the Property, as described in this Memorandum. The figures below are based upon the sale of 100% of the Interests, equivalent to \$35,578,407.

	Total Proceeds (Offering Proceeds + Loan Proceeds)	Amount from Loan Proceeds	Amount from Offering Proceeds	Percentage of Maximum Offering Amount¹
<u>Sources</u>				
Offering Proceeds			\$35,578,407	100.00%
Loan Proceeds		\$34,237,000		-
Total Sources	\$69,815,407	\$34,237,000	\$35,578,407	-
<u>Application</u>				
<u>Selling Commissions and Expenses</u>				
Selling Commissions ^{2, 3}			\$2,134,704	6.00%
Dealer Fee ^{2, 3}			\$444,730	1.25%
Placement Agent Fee ²			\$587,044	1.65%
O&O Expenses ^{2, 5}			\$217,892	0.61%
Total	\$3,384,370	\$0	\$3,384,370	9.51%
<u>Costs of Acquisition</u>				
Total Acquisition Cost ^{2, 4, 5}		\$32,014,800	\$30,935,040	86.95%
Acquisition Fee ²			\$1,258,997	3.54%
Reserves		\$2,222,200		-
Total	\$66,431,037	\$34,237,000	\$32,194,037	90.49%
Total Application	\$69,815,407	\$34,237,000	\$35,578,407	100.00%

- (1) Percentages have been rounded to the nearest hundredth of a percentage for purposes of this table.
- (2) The Trust will pay or reimburse some or all of these amounts to affiliates of the Trust, as described in this Memorandum.
- (3) ISC will reallocate (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 Property is comprised of: (a) the anticipated purchase price of the Property; (b) the anticipated acquisition closing costs, which include costs to be paid in connection with the acquisition of the Property relating to title insurance, recording costs, document taxes, escrow costs, tax review fees, prepaid taxes and document preparation; and (c) the anticipated financing closing costs, which include costs to be paid to the Lender in connection with financing the Property relating to loan origination and processing, title insurance, recording costs, mortgage taxes, escrow costs, property reports obtained by the Lender, document preparation and the Lender legal expenses. As part of the total acquisition cost, the Trust will reimburse certain affiliates of IPC for costs related to the acquisition and financing of the Property, in an aggregate amount equal to \$239,237.
- (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, ITS AFFILIATED PARTIES AND THE PROPERTY MANAGER

The following is a description of compensation that may be paid to IPC, the Asset Manager, the Property Manager, the Master Tenant or their affiliates during the period of the Trust's ownership of the Property or in connection with the Offering. With the exception of the fees payable to the Property Manager, these compensation arrangements are not the result of arm's-length negotiations. Investors should note that although the Property Manager is not affiliated with IPC, the compensation payable to the Property Manager has been included in this table because it is a significant aspect of the Offering.

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 cash proceeds of 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 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 \$35,578,407.

<u>Type of Compensation</u>	<u>Method of Compensation</u>	<u>Estimated Maximum Amount of Compensation</u>
Selling Commissions	The Trust will pay ISC Selling Commissions of up to 6.0% of the gross cash proceeds of the Offering. ISC will reallocate (pay) the full amount of the Selling Commissions to broker/dealers who are members of FINRA.	\$2,134,704
Dealer Fee	The 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 reallocate (pay) the full amount of the Dealer Fee to broker/dealers who are members of FINRA.	\$444,730
Placement Agent Fee	The Trust will pay ISC a fee, equal to 1.65% of the gross cash proceeds of the Offering, for serving as the Placement Agent.	\$587,044
Reimbursement of O&O Expenses	The Trust will reimburse the Sponsor, its affiliates and certain third parties for offering and organizational expenses in an amount equal to 0.61% of the gross cash proceeds of the Offering.	\$217,892
Acquisition Fee	The Trust will pay IPC an acquisition fee for its services in the identification, negotiation and acquisition of the Property.	\$1,258,997
Reimbursement of Acquisition and Financing Costs	The Trust will reimburse certain affiliates of IPC for costs related to the acquisition and financing of the Property. Specifically, the Trust will reimburse an affiliate of IREIC for acquisition and due diligence overhead and IREIC for loan processing costs.	\$239,287

<u>Type of Compensation</u>	<u>Method of Compensation</u>	<u>Estimated Maximum Amount of Compensation</u>
Asset Management Fees	The Trust will be responsible for paying the Asset Manager the Asset Management Fee, as provided in the Asset Management Agreement. The Asset Management Fee will be payable in monthly installments of \$10,375 (\$124,500 on an annualized basis) out of the gross income generated by the Property. In addition, if the Springing LLC refinances the Property in connection with a Transfer Distribution, the Asset Manager, or an affiliate thereof, will receive 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 the Asset Manager, the Trust will be responsible for reimbursing the Asset Manager for all expenses attributable to the Trust and paid or incurred by the Asset Manager in providing services under the Asset Management Agreement. If the Trust requests any additional services not specified in the Asset Management Agreement, the Asset Manager may agree to provide the requested services upon terms mutually agreeable to the Trust and the Asset Manager. The 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 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.	\$124,500 for the initial year of ownership of the Property.
Property Management Fees	The Property Manager will be entitled to the following fees: • a monthly base management fee, in an amount equal to 2.50% of the gross receipts from the Property for the month in which the payment is made; • an additional performance fee, in an amount equal to 1.75% of the Property's monthly "NOI" (defined as gross receipts from the Property less operating expenses, including the base management fees and all property taxes, charges and assessments levied against the Property by any governmental entity), paid monthly in arrears out of gross receipts from the Property; • if construction management services are requested in writing by the Master Tenant, a construction management fee of 7% of the total project costs for any capital expenditure project for which the total costs exceed \$25,000; and	Estimated to be \$197,497 for the initial year of ownership of the Property; however, it is not possible to determine the precise amount at this time.

<u>Type of Compensation</u>	<u>Method of Compensation</u>	<u>Estimated Maximum Amount of Compensation</u>
	if the Master Tenant elects to terminate the Property Management Agreement for convenience during the Initial Term, the Master Tenant will be obligated to pay the Property Manager the PM Termination Fee equal to: (a) if the effective date of the termination is within 12 months of the PMA Effective Date, \$30,000; (b) if the effective date of the termination is between 12 and 24 months following the PMA Effective Date, \$15,000; or (c) if the effective date of the termination is between 24 and 36 months following the PMA Effective Date, \$7,500. Additionally, the Property Manager will be authorized to pay or reimburse itself from the Property's operating account for all reasonable travel, lodging, entertainment, telephone, facsimile, postage, courier, delivery, employee training, in-house legal and other expenses incurred by the Property Manager that are directly related to its performance under the Property Management Agreement and are set forth in the approved operating budget for the Property.	
Master Tenant Income	Under the Master Lease, the Master Tenant will earn 10% of Gross Income exceeding the Supplemental Rent Breakpoint for the Property, as provided in the Master Lease. In addition, 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, indirectly to IPC as the sole member of the Master Tenant. The Trust estimates that this will result in additional income to the Master Tenant ranging from \$69,415 to \$70,237 per year. Such amounts will not be available for distribution to the Trust or the Investors.	Estimated to be approximately \$69,472 for the Property for the first 12 months, however, it is not possible to determine the precise amount at this time.
Disposition Fee	Pursuant to the Master Lease, upon the sale of the Property, the Master Tenant will be entitled to the Disposition Fee in an amount equal to 3.0% of the Gross Price; provided, 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 Price. In the event the Gross Price, reduced by the amounts used or incurred by the Trust to satisfy or to cause the buyer of the Property to assume any indebtedness of the Trust related to the Property in connection with such sale, is less than the Maximum Offering Amount, no Disposition Fee will be payable to the Master Tenant.	Not possible to determine at this time.

THE PROPERTY

Ownership of the Property

On or above November 15, 2019, the Trust will acquire fee simple title to the Property. For purposes of complying with certain restrictions under Arkansas state law, bare legal title to the Property will be held by the Signatory Trustee. The Signatory Trustee will hold title to the Property on behalf of the Trust for the sole and exclusive purpose of satisfying Arkansas state law requirements that bare legal title to the Property be held by a trustee of the Trust.

Location and General Description of the Property

The Property is located at 1319 South Hollywood Avenue, Fayetteville, Arkansas 72701 and is commonly known as “Cottages on Hollywood”. The Property features a newly constructed off-campus student housing development serving the nearby University of Arkansas. The 120 Apartment Buildings contain 189 Units, which include two, three, four and five bedroom apartments, comprising 652 beds. 114 of the Apartment Buildings are two-story cottage buildings and each of the remaining six Apartment Buildings is a three-story multi-family building.

Property amenities include a two-story Clubhouse comprising approximately 17,840 square feet, which contains a state-of-the-art two-story fitness center, study lounges, a computer lab, tanning rooms, a gaming center, a steam room and sauna and other common areas. The Clubhouse also contains the leasing office. In addition, the Property contains a resort-style pool and sand volleyball court, a hammock garden, outdoor kitchens and grilling areas, two fire pits, a putting green, two bocce ball courts and a dog park.

The Property also contains a single-story pool house comprising approximately 1,304 square feet and a single-story maintenance building comprising approximately 1,875 square feet.

Information regarding the Property is available in the Property Condition Assessment (the “**Assessment**”) prepared by McClain Consulting Services, Inc. (“**McClain**”), a copy of which is available in the Digital Investor Kit. Additional information about the Property is summarized in the tables below.

Address	Land Area*	Leaseable Area*	Units/ Beds*	Year Built	Parking*	Zoning
Cottages on Hollywood 1319 South Hollywood Avenue Fayetteville, Arkansas 72701	43.0 acres	357,812 sq. ft.	189 Units/ 652 beds	2019	741 (including 19 handicap spaces)	RMF-12, Residential Multifamily (12 units per acre), RMF-24, Residential Multifamily (24 units per acre) and RZPD, Residential Planned Zoning District

*All references in this Memorandum to the (1) acreage of the Property and the number of parking spaces at the Property are based on the survey, a copy of which is available in the Digital Investor Kit; and (2) leasable square footage of the Apartment Buildings and the number of Units and bedrooms in the Apartment Buildings are based on the Rent Roll for the Property, included as Exhibit B to this Memorandum.

Detailed Description of the Buildings

The foundations of the Buildings appear to consist primarily of continuous perimeter reinforced concrete spread footings supporting a reinforced concrete slab-on-grade. The first floor of each Building is constructed as concrete slab-on-grade. Each Building features conventional wood framed walls supporting oriented strand board (“**OSB**”) upper floor decks reportedly topped with lightweight concrete. In addition, structural steel framing was observed at the two-story fitness center area of the Clubhouse. The roof framing system of each Building consists of wood roof trusses supporting OSB roof decking. The Buildings feature asphalt composition shingles.

The exterior walls of the Buildings typically consist of painted horizontal fiber cement lap siding, painted board and batten fiber cement siding, and painted brick veneer. In addition, several Buildings feature decorative vinyl shutters. Stucco, stone, and wood truss accents are installed at the Clubhouse and the pool house. Entrance areas are typically highlighted by awnings with asphalt composition shingles or metal standing seam roof panels.

Each Unit has one entry consisting of a painted metal door in a wood frame with locking lever set and deadbolt hardware. A swing-type door with insulated glass inserts provides access to the patio (of the first-floor Units) or balcony (of the upper floor Units) areas. The main entrance to the Clubhouse consists of a set of aluminum frame swing doors with insulated glass inserts. The windows consist primarily of single-hung type units with tempered dual-pane glass in vinyl frames. Fixed vinyl- and aluminum-frame windows are installed at the Clubhouse.

The water supply lines inside the Buildings are primarily copper and PEX. Domestic hot water is typically provided to the Units by individual electric water heaters. The Units are heated and cooled by split system air conditioners with electric heating. The Clubhouse is primarily heated and cooled by split system air conditioners with natural gas heating. The incoming electrical service to each Apartment Building is typically 120/240 volt, single phase, three-wire alternating current service. The electric system to each Unit consists of 125 and 200 amperes.

The Clubhouse has a single hydraulic passenger elevator with a capacity of 2,500 pounds.

The floor finishes in the Units primarily consist of carpeting and vinyl planking. Interior walls and ceilings of the Units are constructed of painted drywall. Kitchen and bathroom cabinets are constructed of laminate wood and the countertops are granite. The appliances in the Units typically include refrigerators, dishwashers, microwave ovens, electric cooking ovens, and garbage disposals. Each Unit also features an electric washer and dryer. The floors in the common areas of the Clubhouse are covered primarily with carpeting, porcelain tile, and vinyl. The interior walls and ceilings consist primarily of painted drywall with ceramic tile accents.

The in-ground concrete salt water swimming pool features stone coping, ceramic tile trim, and a concrete deck with stone accents.

Fire Protection and Life Safety

As part of the scope of work, McClain engaged the fire protection and life safety specialist firm of Wellens Fire Protection Engineering to perform a review of the fire/life safety systems at the Property. The active and passive fire protection systems at the Property date to original construction. The Clubhouse and large residential Buildings are protected with automatic wet-pipe fire sprinkler systems; The small cottages are not provided with sprinklers. The sprinkler systems operate at pressures delivered by the municipal water system. Backflow prevention was observed adjacent to each sprinklered portion of the Property. Fire department connections are provided at the exterior of the Buildings. The fire suppression systems generally appear to be in good visual condition. Some of the sprinklers were observed with shipping caps or protective covers installed.

Fire extinguishers are provided throughout the Property, including within the Clubhouse and other out-buildings and within each individual Unit. The fire extinguishers are generally located in accordance with the applicable codes, and within the proper pressure ranges.

Seven Gamewell\FCI brand Model GWF-7075 fire alarm panels are provided for the Property, including one in each Apartment Building and the Clubhouse. The fire alarm system installations are new and anticipated to be serviceable over the 10-year forecast. Emergency power for the fire alarm and life safety systems is by battery backup.

Physical Condition of the Property

The Assessment indicates that the Property has been well-maintained and is in overall good condition. McClain recommends certain repairs as outlined below.

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 immediate repair needs identified for the Property include repairs, maintenance and/or replacements related to: storm water drainage; landscaping and appurtenances; site amenities; and mold mitigation. The Assessment provided an estimated cost of \$165,150 for such repairs.

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 Property for 10 years from the date of the Assessment. The long-term needs identified for the Property include repairs, maintenance and/or replacements related to: storm water drainage; paving, curbing and parking; landscaping and appurtenances; site amenities; exterior finishes; stairs, steps and balconies; roofing systems; plumbing systems; HVAC systems; vertical transportation systems; and interior building components. The Assessment provided an estimated cost for such physical needs, with 3% inflation, of \$2,686,295 (or approximately \$1,421 per Unit, per year).

The costs for the repairs described above will be allocated in accordance with the terms of the Master Lease.

Flood Zone

According to the Assessment, based on the Flood Insurance Rate Map maintained by the Federal Emergency Management Agency (“**FEMA**”), the Property appears to be located in Flood Zone X, which is defined as an area determined to be outside of the 0.2% annual chance flood.

Seismic Zone

The Assessment indicates that, according to the “Seismic Zone Map of the United States,” in the 1997 Uniform Building Code, the Property is located within Zone 1, defined as an area of low probability of damaging ground motion.

Wind Zone

The Assessment indicates that, according to FEMA’s “Map of Wind Zones in the United States,” the Property appears to be located in Wind Zone IV, and has a designated wind speed of up to 250 mph. According to the Assessment, the Property is not located in a Hurricane Susceptible Region.

Environmental

The Trust received a Phase I for the Property, which 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.” A reliance letter that accompanies the Phase I entitles the Trust and the Investors to rely on the Phase I. In the event that environmental contamination consisting of hazardous substances or petroleum existed with respect to the Property when the 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 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 Trust expects to acquire the Property within 180 days of the effective date of the Phase I. See “*Risk Factors – Risks Related to the Property – The existence of any environmental issues with the Property may adversely affect the Trust*” for additional discussion related to environmental matters.

Agreements Affecting the Property

The Property is subject to various easements, restrictions and other agreements of record, the most significant of which are available in the Digital Investor Kit and further described below. Such agreements generally: (1) grant the parties to such agreements certain easements and rights of use which both benefit and burden the Property, as applicable; (2) provide for the maintenance of certain easement areas and for allocation and payment of costs and expenses related thereto; and (3) provide for certain restrictions on the use of the Property. See “*Risk Factors – Risks Related to the Property – The Trust will not guarantee the condition of, or title to, the Property*” for additional discussion.

Access and Sign Easements. A portion of the Property and an adjacent tract of land (the “**Phase I Property**”) are subject to an easement agreement which provides (1) a perpetual, non-exclusive access easement for vehicular and pedestrian traffic over a portion of the Property and the Phase I Property (the “**Access Easement Area**”), for the benefit of the Property and the Phase I Property, and (2) the owner of the Phase I Property with a perpetual, non-exclusive easement to locate and maintain a monument sign on a portion of the Property (the “**Sign Easement Area**”). The owner of the Phase I Property is required to maintain the Access Easement Area and the

Sign Easement Area and to purchase and maintain comprehensive general liability insurance insuring against liability on account of any occurrences on or about the Access Easement Area and the Sign Easement Area. The owner of the Property is required to reimburse the owner of the Phase I Property for 50% of the maintenance, repair and insurance costs with respect to the Access Easement Area. Such cost sharing will continue unless and until the road within the Access Easement Area has been dedicated to the State of Arkansas or other public body in accordance with the terms of the easement agreement. The owner of either tract may initiate the dedication of the road provided that the dedication does not cause either tract to be in violation of any zoning or land use law, ordinance or regulation, unless a variance to such violation is first obtained on terms and conditions satisfactory to both of the owners.

Drainage Easement. The Property is benefitted by a perpetual, non-exclusive easement and servitude under and across so much of a portion of the Phase I Property as may be necessary or appropriate for the drainage of storm water from the Property through a storm water drainage system to a detention pond located on the Phase I Property. The owner of the Phase I Property is responsible for the maintenance and repair of the System and the owner of the Property is required to reimburse the owner of the Phase I Property for 50% of such costs.

Use Restriction. The Property is subject to a deed restriction which provides that the Property may not be used as a hotel or motel for a 50-year period ending on July 18, 2062.

Reservation of Mineral Rights. The Property is subject to a reservation in favor of a prior owner of one-half of all minerals and mineral substances in and under the Property and all related rights, including the right to extract such minerals and mineral substances by any proper means. However, the Trust intends to obtain title insurance against any loss or damage resulting from the enforced removal or alteration of any improvements comprising the Property resulting from the future exercise of such rights. A copy of the pro forma title insurance policy will be made available to Investors prior to an Investor's purchase of Interests.

SUMMARY OF THE LEASES

General

Concurrent with acquiring the Property and obtaining the Loan, the Trust will enter into the Master Lease with the Master Tenant and will assign the Residential Leases to the Master Tenant. A draft copy of the Master Lease is available in the Digital Investor Kit. The Closing Supplement will confirm the Trust's entry into the Master Lease as soon as practicable following the Closing Date. A copy of the executed Master Lease will be made available to Investors prior to an Investor's purchase of Interests.

As of November 1, 2019, the Property was 97.2% leased to the Residents (based on leased bedrooms).

The Master Lease will be a net lease incorporating all expenses and debt service associated with the operation of the Property. The Master Tenant will be responsible for operating the Property for its own benefit and will be entitled to retain certain positive differences between the Property's operating cash flow and Master Lease payments due to the Trust and the Lender, as described in greater detail below. Likewise, the Master Tenant will be liable for the cash shortfalls between the operating cash flow and Master Lease payments due to the Trust and the Lender. See "*Risk Factors – Risks Related to the Master Lease and the Management of the Property – The Master Tenant has limited capital*" for additional discussion regarding the capitalization of the Master Tenant.

Master Lease

A DRAFT COPY OF THE MASTER LEASE IS AVAILABLE IN THE DIGITAL INVESTOR KIT. EACH PROSPECTIVE INVESTOR SHOULD REVIEW THE DRAFT MASTER LEASE, IN ITS ENTIRETY, BEFORE INVESTING. THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT PROVISIONS OF THE MASTER LEASE. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT THEREOF.

Term of the Master Lease

The initial term of the Master Lease will be 120 months, unless terminated earlier in accordance with the terms of the Master Lease. The term of the Master Lease will automatically terminate upon the sale of the Property. However, as long as any obligation remains outstanding under any of the Loan Documents, the term of the Master Lease will automatically extend and continue in full force until all such obligations have been fully performed and satisfied.

Rent

Under the terms of the Master Lease, the Master Tenant will be required to pay rents as described below.

Base Rent

The anticipated amount of annual Base Rent payable under the Master Lease, which includes payments of debt service, plus the funding for the Lender Reserve Accounts, if applicable, will be \$1,879,445 per year.

The Master Tenant will be required to pay Base Rent to the Lender in monthly installments, in accordance with the terms of the Loan Documents. Base Rent will be equitably adjusted to take into account any modifications in the payments due to the Lender under the Loan Documents.

Additional Rent

In addition to Base Rent, the Master Lease will require the Master Tenant to pay as Additional Rent any amount of Gross Income under the Master Lease (which includes all income collected by the Master Tenant from rents, license fees and/or assessments and other items arising from the use of the Property, but excludes amounts paid 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 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 (expected to be \$4,070,000 for 2020 on an annualized basis) up to a maximum annual amount (expected to be \$1,287,500 for 2020 on an annualized basis) and will be required to be paid to the Trust in monthly installments. Such installment payments will be based on the Master Tenant's good faith estimates taking into consideration the operational characteristics of the Property. The Master Tenant and the Trust will be required to reconcile Additional Rent within 90 days after the end of each calendar year.

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. The Trust estimates that this will result in additional income to the Master Tenant ranging from approximately \$69,415 to \$70,237 per year to the Master Tenant. Such amounts will not be available for distribution to the Trust or the Investors. In the event that the Trust sells a portion of the Property, the Additional Rent Breakpoint will be equitably adjusted.

In the event that the Projected Uncontrollable Costs under the Master Lease (which includes real estate taxes and similar impositions, utility costs, insurance costs and the cost of snow removal) 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 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 Master Lease month that begins on or after 90 days following the end of such period, and against such amounts payable to the 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

The Master Tenant also will be required to pay to the 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 Master Lease for that year. The Supplemental Rent Breakpoint will be \$5,357,500 for 2020 on an annualized basis. Supplemental Rent will only be paid by the Master Tenant after Base Rent and Additional Rent have been fully paid. Supplemental Rent will be calculated on a calendar year basis (prorated for any partial year) and will be paid in arrears by the Master Tenant to the Trust within 90 days after the end of each calendar year. In the event that the Trust sells a portion of the Property, the Supplemental Rent Breakpoint will be equitably adjusted.

Notwithstanding the foregoing, or anything in the Master Lease to the contrary, in the event that the payments due to the Lender under the Loan Documents are increased above what is contemplated in the Master Lease and the Master Tenant is required to remit such payments out of cash flow from the Property that exceeds the Base Rent, then to the extent (and only to the extent) of such cash flow in excess of Base Rent, such increased payments remitted to the Lender by the Master Tenant will be treated: (1) as having been paid to the Trust as Additional Rent and Supplemental Rent (each as applicable) in satisfaction of the Master Tenant's obligation to pay such amounts to the Trust under the Master Lease; and then (2) remitted by the Master Tenant on behalf of the Trust to the Lender in satisfaction of the Trust's obligations under the Loan Documents. In such event, the amounts actually paid to the Trust as Supplemental Rent will be reduced.

Capital Expenditures

The Master Lease will require the Master Tenant to be responsible for the operation, repair, maintenance and management obligations of the Property. The Master Lease will require the 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 the Property to meet the needs of the "**Property Tenants**" (as defined under the Master Lease to include any current and future subtenants, space tenants, occupants and business invitees or licensees of the Property); (2) leasing commissions; (3) certain Hazardous Substances Costs (as such term is defined in the Master Lease); (4) any repairs identified in the Assessment (as defined herein), or similar engineering reports, performed in connection with the acquisition of the Property; (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 Property that would be considered capital expenditures under IPC's capitalization policy. The Trust will not be required to pay any Capital Expenditures which: (a) arise due to the negligence or willful misconduct of the Master Tenant; (b) arise from certain hazardous substances on or about the Property after the commencement of the Master Lease; or (c) would otherwise constitute a "prohibited action" under the Trust Agreement for so long as the Trust is a DST. The Trust will not otherwise be required to provide any services, facilities, repairs or alterations to the Property.

To the extent the Master Tenant plans to make any modifications to the 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 Trust. For so long as the Trust is a DST, the Trust will not have the right, power or ability to make more than minor, non-structural modifications to the Property.

Impositions

The Master Tenant will 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 Property. The Master Tenant will have the right, at its own expense and after prior written notice to the Trust, to contest or review by appropriate legal proceedings or in such manner as the Master Tenant in its opinion deems 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 Property by the Trust or result in a tax sale of the Property or any portion thereof.

Insurance

The Master Tenant will be required, at its sole cost and expense, at all times throughout the term of the Master Lease, to maintain the following insurance policies on the Property for the mutual benefit of the Trust and the 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 Trust may require;
- (3) provided that 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 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;
- (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; and
- (5) any other insurance required under the Loan Documents or by the Trust in its reasonable discretion. See "*Financing Terms – Insurance, Casualty and Condemnation.*"

Trust Reserve Account

Pursuant to the Master Lease, the Trust will be required to establish and maintain the Trust Reserve Account to make funds available for Capital Expenditures and unanticipated costs in relation to the Property.

The Trust will make an initial contribution to the Trust Reserve Account from the proceeds of the Loan, in the amount of \$2,127,700. An annual reserve contribution to the Trust Reserve Account will be withheld from Supplemental Rent, to the extent available, by the Master Tenant up to a maximum annual amount of \$117,360 for 2020, determined on an annualized basis. The anticipated amounts of the contributions to the Trust Reserve Account are summarized below.

At the end of any calendar year, if the balance in the Trust Reserve Account is less than the minimum amount specified in the Master Lease (the “Reserve Minimum Balance”), as set forth below, the 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 Master Tenant may withhold Additional Rent and Supplemental Rent until the Trust Reserve Account contains at least an amount equal to the Reserve Minimum Balance). The Trust will have no obligation to fund the Trust Reserve Account at any time the account contains more than the maximum amount specified in the Master Lease (the “Reserve Maximum”), as set forth below. If funds in the Trust Reserve Account exceed the Reserve Maximum, the Trust, in its sole discretion, may withdraw such excess funds. Any interest earned on the Trust Reserve Account will be retained as additional reserves. Any amounts remaining in the Trust Reserve Account upon the sale of the Property will be distributed to the Investors based on their respective pro rata Interests.

<u>Initial Contribution (from Loan proceeds)</u>	<u>2020 Maximum Annual Contribution</u>	<u>Reserve Minimum Balance</u>	<u>Reserve Maximum</u>
\$2,127,700	\$117,360	\$150,000	\$1,800,000

Pursuant to the 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 Lease will be subject to the Loan Documents. In the event of a casualty, the Master Tenant will be required to restore the Property, at its sole cost and expense, 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 the Master Lease. If a casualty occurs within 12 months of the expiration of the 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 Master Tenant is not in default under the Master Lease and the insurance proceeds are, in the Trust’s reasonable judgment, sufficient to restore the Property, the Trust may: (1) require the Master Tenant to complete the restoration; or (2) terminate the Master Lease.

In the event of a total condemnation, the Master Lease will terminate and expire and Rent will be prorated through the termination date. The Master Tenant will have the right to participate and receive the entire award above and beyond the payment of all debt of the Trust and the Trust’s original beneficial interest holder’s capital up to the amount of the Disposition Fee, plus the fair market value of the Master Tenant’s tangible personal property. In the event of a partial condemnation, the 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 Lease, the Master Tenant may sell, assign, sublet, pledge, transfer or otherwise dispose of its interest in the Master Lease only with the prior consent of the Trust and the Lender, each of which may be withheld for any reason or no reason. The Master Tenant may assign the Master Lease to any subsidiary or affiliate without consent from the Trust, subject to guidelines set forth in the Master Lease. The Trust may assign its rights under the Master Lease to the Springing LLC as part of a Transfer Distribution.

The Master Tenant may sublet the whole or any portion of the Property without the necessity of obtaining the 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 the 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. The Master Tenant may enter into Property Leases with terms that exceed the term of the Master Lease without the 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 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 Property (with due consideration given to the size of the 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 Master Tenant.

Termination Rights and Disposition Fee

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

In addition, the Master Lease will provide that, upon the sale of the Property, the Master Tenant will be entitled to the Disposition Fee in an amount equal to 3.0% of the Gross Price; provided, 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 Price. In the event the Gross Price, reduced by the amounts used or incurred by the Trust to satisfy or to cause the buyer of the Property to assume any indebtedness of the Trust related to the Property in connection with such sale, is less than the Maximum Offering Amount, no Disposition Fee will be payable to the Master Tenant.

Residential Leases

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

A sample of the Residential Lease that will be used following the Trust's acquisition of the Property is available in the Digital Investor Kit. Each prospective INVESTOR should review the SAMPLE Residential Lease IN ITS ENTIRETY, WHICH IS 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.

Leased Premises

Each Residential Lease entitles the applicable Resident to an undivided interest in one bedroom in a Unit for a term of approximately one year. Residents have the right to use, in common with others, all common areas of the Property.

In general, each Residential Lease has a term beginning in August and ending in July of the next year.

Security Deposits

Each Resident must provide a security deposit in an amount to be determined by the Master Tenant, as landlord under the Residential Leases, as collateral for the timely performance of all of the Resident's agreements under the Residential Lease. If a Resident fails to perform any obligations under his or her Residential Lease, the

Master Tenant may, but is not obliged to, apply all or part of the security deposit to the Resident's unperformed obligations (including unpaid rent), without limitation to any other right or remedy of the Master Tenant. Each Resident agrees in the Residential Lease that the security deposit is not considered an advance payment of rent, and does not release the Resident from the obligation of leaving the bedroom and Unit in a good and clean condition, reasonable use and wear excepted, at the end of the Residential Lease term.

Lease Guaranties

The Master Tenant, as landlord under the Residential Leases, may, at its option, require the parent(s) or sponsor(s) of a Resident to complete a lease guaranty as additional assurance to the Master Tenant of the performance of the covenants of the Residential Lease.

Utilities

Residents are responsible for all utility charges.

Repair, Maintenance and Alterations

Each Resident agrees to keep and maintain the applicable bedroom in a reasonably clean and reasonably safe condition. No alterations or additions are permitted without the Master Tenant's consent. The Master Tenant will provide normal maintenance and repair of the Units without additional charge to Residents, except for repairs made necessary by the misuse of such Units by the Residents or their guests.

Casualty and Condemnation

If, during the term of a Residential Lease, a Resident's bedroom or Unit is damaged or destroyed by fire or other casualty, then, at the Master Tenant's option: (1) the Unit will be promptly restored and repaired by the Master Tenant and any rent for the period that the Unit is uninhabitable will abate, unless and to the extent that the Master Tenant provides the Resident with a comparable alternative living space, in which event rent will not be abated; (2) the Master Tenant may terminate the Residential Lease by notifying the Resident, in which event the rent will cease to accrue as of the date of such damage or destruction; or (3) the Master Tenant may relocate the Resident to another bedroom or unit within the Property or a comparable property. Notwithstanding the foregoing, a Resident will not be excused from paying rent if the damage or destruction to his or her Unit is caused by the Resident or his or her guest.

If a Unit is condemned, the applicable Residential Lease will terminate on the date the possession is tendered by the Master Tenant to the condemning authority. All condemnation damages will be the property of the Master Tenant.

Insurance

Residents are responsible for acquiring and maintaining their own insurance on any personal property; the Master Tenant will not be responsible for and will not provide fire or casualty insurance for any of the Residents' personal property.

Assignment and Subletting

Assignments are permitted only with the Master Tenant's prior written consent and payment of a specified assignment fee.

SUMMARY OF THE TRUST AGREEMENT

The terms of the Trust are governed by the Trust Agreement, a copy of which is available in the Digital Investor Kit.

As of the date of this Memorandum, the Depositor owns 100% of the beneficial interests in the Trust and is the sole beneficiary of the Trust. The Corporation Trust Company, a Delaware corporation, serves as the Delaware Trustee and Fayetteville Student Housing Exchange, L.L.C., a Delaware limited liability company, serves as the Signatory Trustee.

The rights and obligations of the Investors and Trustees with respect to the Property will be governed by the Trust Agreement.

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

Purposes and Term of the Trust

The purposes of the Trust are to: (1) have the Signatory Trustee, on behalf of the Trust, acquire and own fee title to the Property; (2) comply with the terms of the Trust Agreement, the Loan Documents and the Master Lease; (3) conserve, protect, manage and dispose of the Property; and (4) take such other actions as the Trustees deem necessary or advisable to carry out such purposes, subject to any applicable limitations under the Trust Agreement and Loan Documents. The term “**Transaction Documents**” is defined in the Trust Agreement as the Trust Agreement, the Master Lease and the Loan Documents.

The Trust Agreement will terminate on the earlier of (1) December 31, 2069, or (2) the sale or other disposition of the Property, provided that the Loan has been paid in full.

Authority and Duties of the Trustees

The 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 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 Trust Agreement has been authorized, executed and delivered by each of the 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 Trust Agreement; and (5) for their own income taxes based on fees, commissions or compensation received in the capacity of Trustees. The Trustees are indemnified by the Trust from and against any liabilities, losses, claims, suits and expenses (including reasonable legal fees) that may be incurred or asserted against the Trustees in connection with the operation of the 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 Trustees described in clauses (1) through (5) above. To the fullest extent permitted by law, the 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 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 Trust have at least one Trustee with a principal place of business in Delaware. All other duties reside with the Signatory Trustee, including, but not limited to: (1) acquiring, owning, conserving, protecting, operating and selling the Trust Property; (2) entering into and/or assuming and complying with the terms of the Loan Documents, the Master Lease and any other Transaction Documents; (3) collecting rents and making distributions in accordance with the 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 applicable Transaction Documents; (6) solely to the extent necessitated by the bankruptcy or insolvency of a tenant, renegotiating the Master Lease or entering into a new lease or leases with respect to the Property or renegotiating or refinancing any debt secured by the Property; (7) entering into the Asset Management Agreement with the Asset

Manager; (8) notifying the Lender of any default under the Trust Agreement; (9) taking any actions required as part of a Transfer Distribution; (10) consenting to the exercise of any right held by the Lender, or to any proposed modification of any agreement affecting the 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; and (11) taking any action which, in the reasoned opinion of Special Tax Counsel, should not have an adverse effect on the treatment of the Trust as an “investment trust” within the meaning of Treasury Regulation 301.7701-4(c).

In addition, for purposes of complying with certain restrictions under Arkansas state law, the Trust Agreement provides that the duties of the Signatory Trustee include holding bare legal title to the Property. The Trust Agreement states that, for the avoidance of doubt, the Signatory Trustee holds only bare legal title to the Property for purposes of compliance with state law, does not hold any ownership interest in the Property for income tax purposes or for any other legal or equitable purpose other than for purposes of compliance with state law, and expressly disclaims any ownership or other interest (legal, equitable or otherwise) in the Property other than such interest in bare legal title to the Property as is strictly necessary to comply with state law. The Signatory Trustee has all necessary powers it is required to have under state law as holder of bare legal title of the Property, including the power and the authority to execute documents with respect to the acquisition, financing, operation and conveyance of the Property.

Compensation to the Trustees

The Trust will pay the Delaware Trustee an initial fee, monthly fees, and document execution fees for its services. The Signatory Trustee serves in such capacity without compensation, except for such fees that the Signatory Trustee will be entitled to in its role as the Asset Manager, for which it is compensated in that capacity, as described in this Memorandum. See “*Compensation to IPC, its Affiliated Parties and the Property Manager.*”

Limitation on Authority of the Trustees

To protect the tax-free exchange status for the Investors under Section 1031, the Trust Agreement prohibits the 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 Regulation Section 301.7701-4(c)(1) and Revenue Ruling 2004-86 (any such action a “**Prohibited Action**”). Specifically, the Trustees may not: (1) dispose of the Property and acquire new real property or reinvest any of the monies of the Trust except as provided in the Trust Agreement; (2) renegotiate the terms of the Loan, enter into new financing or renegotiate the Master Lease 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 Property, other than as required by law; (4) after the formation and capitalization of the 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 Trust should be expected to cause the Trust to be treated as a “business entity” under Treasury Regulation Section 301.7701-3 for federal income tax purposes.

Authority of Investors

Because the 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 Property. Subject to the terms of the Loan Documents, Investors holding a majority of the Interests may remove a Trustee only if the Trustee has engaged in willful misconduct, fraud or gross negligence with respect to the Trust as determined by a final, non-appealable judgment of a court of competent jurisdiction. Further, until the date on which all obligations of the Trust under the Loan Documents are indefeasibly and fully satisfied, the prior written consent of the Lender is required for the removal of the Signatory Trustee and the appointment of a replacement for the Signatory Trustee, and the removal of the Signatory Trustee will not be effective without the prior written consent of the Signatory Trustee until the Signatory Trustee and each of its affiliates have been fully removed from any guarantee and indemnity obligations they may have with respect to the Loan.

Upon the resignation or removal of a Trustee, Investors holding a majority of the Interests may appoint a successor Trustee.

Distributions

The Investors will be entitled, based on their respective Interests, to monthly cash distributions, net of amounts required to pay and reimburse the Trustees, pay debt service on the Loan and related expenses and retain amounts necessary to pay anticipated ordinary current and future expenses of the Trust. Such cash flow, if available, will be distributed on a monthly basis. Amounts retained by the 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 Signatory Trustee. The Signatory Trustee's consent to each proposed transfer is subject to the sole discretion of the Signatory Trustee, including without limitation the satisfaction of the following, as determined by the 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 Trust having to register as an investment company under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), or require the Trust or any Trustee to register as an investment adviser under the Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**"); (4) a determination that the proposed transfer would not cause the Trust Property to become "plan assets" (as defined in the Trust Agreement); (5) the execution by the proposed transferor and transferee(s) of documents to effectuate the transfer that are satisfactory to the 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.

Property Rights

The Trust, and not the Investors, will hold legal title to the Property (except that, as described above, the Signatory Trustee will hold bare legal title to the Property for the benefit of the Trust). The Investors will not be entitled to share in the use of the Property or to any in-kind distribution of the Property.

Transfer Distribution and Springing LLC

Under the Trust Agreement, if: (A)(1) the Trust Property is in jeopardy of being foreclosed upon due to a default on the Loan; (2) the Trust Property or any portion thereof 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 to the same condition as previously existed; or (3) the Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment, and (B) the Signatory Trustee is prohibited from taking action to cure or mitigate such events because such action would "vary the investment" of the Investors, the Signatory Trustee may terminate the Trust by converting it into the Springing LLC. If the Trust is converted to the Springing LLC: (i) the Investors would become members of the Springing LLC, owning an interest in the Springing LLC in proportion to their Interests in the Trust; (ii) the Springing LLC would continue to own the Property subject to the terms of the Master Lease and the Loan Documents; and (iii) the Signatory Trustee would become the manager of the Springing LLC.

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

Also see "*Risk Factors – Risks Related to the Anticipated Financing – If the Trust is unable to sell or otherwise dispose of the Property before the maturity date of the Loan, it may be unable to repay the Loan and may have to cause a Transfer Distribution.*"

Investor Liability and Bankruptcy

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

Tax Status of the Trust

The Trust Agreement provides that the Trust is 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 the Trust is respected as a separate entity for state law purposes, each Investor should be treated as owning a direct interest in the Property for purposes of Section 1031. See “*Federal Income Tax Consequences.*” Each Investor will be required to report his, her or its Interests in the Trust in a manner that is consistent with the foregoing.

Non-Disclosure of Information

Under the 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 Trust, without the prior written approval of the 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 Report from CBRE, Inc. (“**CBRE**”) dated September 13, 2019, with respect to the Property (the “**Appraisal**”), a copy of which is available in the Digital Investor Kit. The Appraisal was compiled using data and information obtained from various third party services. 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 Property. In addition, the Trust has not independently verified any of the data included in the Appraisal. However, the 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 the Property includes:

- an Area Analysis, which provides an overview regarding the region in which the Property is located;
- a Neighborhood Analysis, which describes the neighborhood in which the Property is located; and
- a Market Analysis.

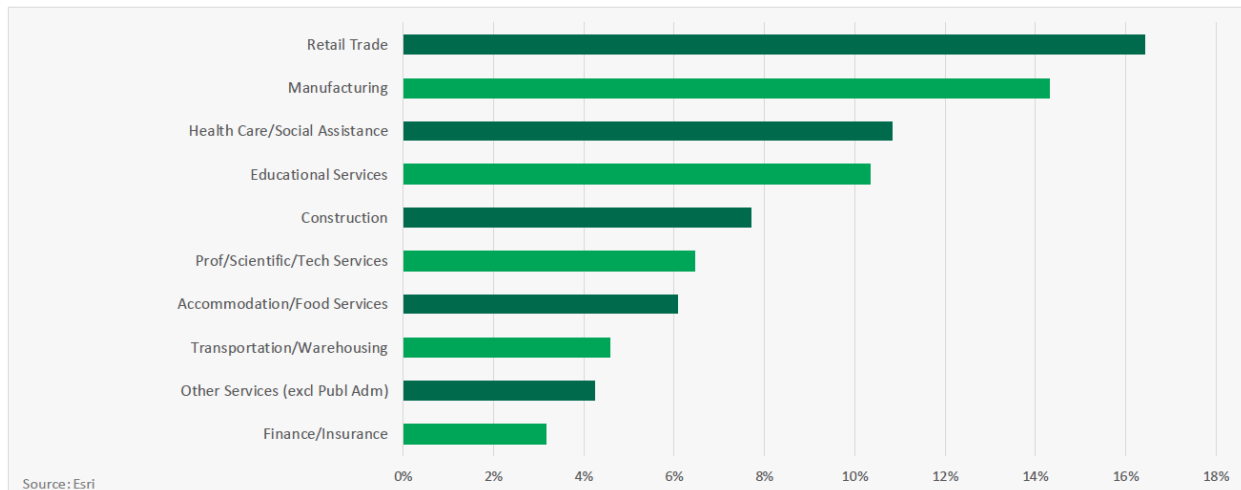
Area Analysis

The Property is located in the Fayetteville-Springdale-Rogers, AR-MO Metropolitan Statistical Area, referred to as the “**Fayetteville MSA**”.

Population. The Fayetteville MSA has a population of 558,075 and a median age of 35, with the largest population group in the 20-29 age range and the smallest population in 80+ age range.

The population has increased by 94,871 since 2010, reflecting an annual increase of 2.1%. The population is projected to increase by an additional 56,445 people by 2024, reflecting 1.9% annual population growth.

Employment. The Fayetteville MSA includes a total of 266,414 employees and has a 3.6% unemployment rate. The top three industries within the area are Retail Trade, Manufacturing and Health Care/Social Assistance, which represent a combined total of 42% of the population.



Neighborhood Analysis

Location. The Property is located in the City of Fayetteville and is considered a suburban location. The City of Fayetteville is situated in south Washington County, Arkansas. The Property’s neighborhood is located surrounding and just south of the University of Arkansas academic campus core buildings. Therefore, many

surrounding properties include uses related to campus activities, such as student apartments, fast food restaurants, and commercial buildings. There are a large number of small apartments within the immediate area, which were constructed during the 1970s, 1980s and 1990s. Most of the projects are in average to good condition and cater to the student population. There are several apartment projects located along and near MLK Boulevard, on the southern edge of the campus. Single-family residential development is scattered throughout the neighborhood.

Land Use. Neighborhood properties are distinctly commercial in nature consisting of offices, lodging facilities, governmental facilities, retail facilities, and a few residential properties.

Dickson Street, just northwest of the Property, is the entertainment district for Fayetteville and contains a heavy concentration of bars and restaurants. In addition, there are several condominium developments recently constructed on Dickson Street. The Legacy Building is located directly off of Dickson Street to the north. The building is 7 stories and contains 37 residential units in total on floors 3 through 7 as well as two commercial units on the first two floors. It was recently foreclosed and is now in the hands of the foreclosing bank. Another development is the Underwood Plaza.

Perhaps the most significant development in the neighborhood was a project that involved the issuance of a \$1,500,000 federal grant, accompanied by a \$2,200,000 infusion by the City of Fayetteville and a \$300,000 contribution by the Dickson Street improvement group to enhance and beautify both the downtown area and Dickson Street. The goal of this project was to promote a cohesive downtown feeling throughout the district with an emphasis on pedestrian traffic. In May 2002, construction began on Dickson Street between College Avenue and Arkansas Avenue. Thirty-five full brick crosswalks were installed across Dickson Street and the intersecting streets. All new concrete curbs sidewalks were installed. Also, ornamental lighting was added along both sides of Dickson Street. This project was completed in 2004.

The unique feature of the neighborhood is the central square area. In the 1970s, an urban renewal project resulted in the renovation, remodeling, or removal of a number of structures on the square. The original Fayetteville Post Office was renovated for use as a restaurant at this time and a Fayetteville Square garden was constructed around the square. The First National Bank building, the McIlroy Plaza building, and the First Place building were all constructed during the late 1970s in conjunction with this urban renewal project. Each of these buildings replaced older structures with modern office buildings. Other buildings, such as the former J.C. Penney store, were completely renovated and converted for other uses. In the case of the J.C. Penney store, the renovation project resulted in use of the building for both retail and office uses.

The downtown square area has traditionally been the center for the service and financial industries of Fayetteville. This generally remains true today with two of Fayetteville's five locally headquartered financial institutions having their main facility situated in this area. Properties fronting College Avenue are almost solely commercial, governmental and service in nature. Recently, there has been some new development along this thoroughfare in the form of a new office for a developer with the older purchase of the former First South building by Washington County for use as their county courthouse.

The neighborhood is almost completely built-up with the available vacant land typically utilized for parking. A Central Business Parking Improvement District was also created during the late 1970s which resulted in the construction of parking lots throughout the downtown square as well as a parking garage constructed in conjunction with the erection of a Hilton Hotel (now the Cosmopolitan Hotel) and the University of Arkansas Continuing Education Center. This Improvement District has now been terminated as the bonds have been repaid. The City of Fayetteville is now the controlling entity for much of the parking in the downtown area.

Growth Patterns. As the neighborhood is fully developed, all recent changes have been redeveloped or the existing improvements removed. The Campbell Bell Building was one of the first in the current trend with the Southside project being the older example. There appears to be an overall trend of increasing the downtown density with many new properties going vertical, with the most recent developments being condominium projects (specifically including the Legacy Building and the Lofts at Underwood Plaza).

Access. The primary thoroughfare is School/College Avenue (U.S. Highway 71 Business), which extends north-south through the neighborhood and into the north and south ends of Fayetteville. Just south of the neighborhood lies West Sixth Street/U.S. Highway 62 Business which extends westward to a connection with

Interstate 540. Interstate 540 is the major connection to Northwest Arkansas and extends southward to Interstate 40 and north to Kansas City (becoming U.S. Highway 71) near the Missouri border.

Demographics. Population growth and new household formations have been on an upward trend within the Property's neighborhood. However, it should be noted that since the Property is a University student housing facility, the local demographics do not reflect the majority of the Property's clientele, which are parents of students from across the State of Arkansas and across the United States. Selected neighborhood demographics in a one-, three-, and five-mile radius from the Property are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS			
	1 Mile Radius	3 Mile Radius	5 Mile Radius
Population			
2024 Population	6,691	53,883	93,977
2019 Population	6,301	49,723	86,673
2010 Population	5,434	41,894	72,924
2000 Population	4,032	34,000	59,539
Annual Growth 2019 – 2024	1.12%	1.62%	1.63%
Annual Growth 2010 – 2019	1.66%	1.92%	1.94%
Annual Growth 2000 – 2010	3.03%	2.11%	2.05%
Households			
2024 Households	2,974	22,913	39,318
2019 Households	2,769	20,912	36,075
2010 Households	2,374	17,262	30,063
2000 Households	1,586	13,814	24,281
Annual Growth 2019 – 2024	1.44%	1.84%	1.74%
Annual Growth 2010 – 2019	1.72%	2.15%	2.05%
Annual Growth 2000 – 2010	4.12%	2.25%	2.16%
Income			
2019 Median Household Income	\$25,544	\$34,616	\$45,124
2019 Average Household Income	\$34,696	\$52,903	\$67,863
2019 Per Capita Income	\$14,322	\$22,288	\$28,367
2019 Pop 25+ College Graduates	840	11,837	24,302
Age 25+ Percent College Graduates - 2019	30.2%	45.7%	47.8%
Source: ESRI			

The profile of the Property's neighborhood is lower-income. However, the large number of students likely skews the reported figures, as many students have minimal reportable income. These students likely have more disposable income than is indicated by their reported income levels because they also have access to funds through student loan programs and gifts from parents and family members to support their education. In addition, the minimal growth in households is not considered to reflect a lack of demand in the area. Rather, it reflects the limited vacant land in the area and the redevelopment project recently completed.

Conclusion. The population within all regions of the Property's neighborhood have shown growth trends in most areas over the past several years. The neighborhood currently has a moderate-income demographic profile. The outlook for the neighborhood is for continued good performance with continued improvement over the next several years. As a result, the demand for existing developments is expected to be good. Generally, the neighborhood is expected to grow in the foreseeable future.

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	Location	YOC/ Reno'd	Occ.	No. Units	No. Bedrooms	Avg. Rent Per Unit
1	Beechwood Village	870 S Beechwood Ave, Fayetteville, AR	2015	73%	215	671	\$658
2	University House	833 S Beechwood Ave, Fayetteville, AR	2013	72%	228	654	\$667
3	The Vue	1001 West Rochier, Fayetteville, AR	2013	95%	179	656	\$684
4	Hill Place	754 South Royal Oak Pkwy, Fayetteville, AR	2009	96%	288	840	\$641
5	Varsity House	510 West 11 th St, Fayetteville, AR	2012	76%	232	568	\$532
6	The YOUnion	376 West Watson Street, Fayetteville, AR	2016	80%	198	592	\$701
7	The Cardinal at West Center	11 S Duncan Ave, Fayetteville, AR	2014	100%	150	471	\$695
8	Champions Club	1629 S. Razorback Road, Fayetteville, AR	2016	83%	76	232	\$662
Subj.	The Property	1319 S Hollywood Ave, Fayetteville, Arkansas	2019	97%	189	652	---
Compiled by CBRE							

Comparable Sales. The following tables summarize the comparable data used in the valuation of the Property.

SUMMARY OF COMPARABLE APARTMENT SALES (Units)											
No.	Name	Transaction Type	Date	YOC/ Reno'd	No. Units	No. Beds	Actual Sale Price	Price Per Bed	Occ.	NOI Per Bed	OAR
1	Beechwood Village 870 Beechwood Ave, Fayetteville, AR	Under Contract	May-19	2015	213	670	\$42,250,000	\$76,493	92%	\$3,993	5.22%
2	The Forum 3019 Sam Houston Ave, Huntsville, TX	Sale	May-18	2011	294	450	\$33,100,000	\$73,556	95%	\$4,244	5.77%
3	Capstone Cottages of Lubbock 4702 4th Street, Lubbock, TX	Under Contract	Jul-19	2017	214	969	\$70,000,000	\$72,239	99%	\$4,161	5.76%
4	Ella Lofts 817 Chestnut Street, San Marcos, TX	Sale	Jan-19	2016	84	246	\$21,000,000	\$85,366	93%	\$4,909	5.75%
5	21 Pearl 2104 Pearl Street, Austin, TX	Sale	Nov-18	2013	135	272	\$32,250,000	\$118,566	98%	\$5,964	5.03%
6	Gateway on Cullen 1900 Cullen Boulevard, Houston, TX	Sale	Aug-18	2017	191	531	\$53,000,000	\$99,812	94%	\$5,340	5.35%
Compiled by CBRE											

ACQUISITION OF THE PROPERTY

The Trust expects to acquire the Property on or about November 15, 2019 from the Seller, a third party unaffiliated with IPC, for a purchase price of \$62,250,000. The Trust will fund the acquisition of the Property with a combination of cash, provided as a capital contribution from the Depositor, and proceeds of the Loan. See “*Financing Terms*” for a more detailed discussion regarding the anticipated terms and conditions of the Loan.

For purposes of determining liabilities assumed with respect to the Property in connection with an Investor’s Section 1031 Exchange, each Investor will be allocated a pro rata percentage of the Loan (expected to be \$96,229.72 per \$100,000 Interest).

For purposes of complying with certain restrictions under Arkansas state law, bare legal title to the Property will be held by the Signatory Trustee. The Signatory Trustee will hold title to the Property on behalf of the Trust for the sole and exclusive purpose of satisfying Arkansas state law requirements that bare legal title to the Property be held by a trustee of the Trust.

FINANCING TERMS

On or about November 15, 2019, the Trust expects to obtain the Loan, secured by the Property, in the principal amount of \$34,237,000, from the Lender under Fannie Mae's DUS loan program.

The Loan will be evidenced by the Loan Documents. The following summary as it relates to the Loan is based on the Loan Application Letter and Loan Rate Lock, and remains subject to change based on the final Loan Documents. Copies of the Loan Application Letter and the Loan Rate Lock are available in the Digital Investor Kit. The Closing Supplement will disclose the final terms and conditions of the Loan Documents and will be made available prior to the Investor's purchase of Interests.

EACH PROSPECTIVE INVESTOR SHOULD REVIEW THE LOAN DOCUMENTS, INCLUDING THE LOAN APPLICATION LETTER AND THE LOAN RATE LOCK, COPIES OF WHICH ARE AVAILABLE IN THE DIGITAL INVESTOR KIT, IN THEIR ENTIRETY BEFORE INVESTING. THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT PROVISIONS OF THE LOAN DOCUMENTS. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT THEREOF.

Basic Terms

The original principal amount of the Loan is expected to be \$34,237,000. The Loan will have a term of 10 years and will bear interest at a fixed rate of 3.65% per annum.

Beginning with the payment date of January 1, 2020 and on each monthly payment date thereafter through and including December 1, 2026, the Trust will be required to make monthly, interest-only payments. Beginning with the payment date of January 1, 2027 and on each monthly payment date through the maturity date, the Trust will be required to make monthly payments of principal and interest, in a fixed amount, with principal amortizing on a 30-year schedule. On the maturity date, the Trust will be required to pay to the Lender the entire principal amount of the Loan, along with any accrued but unpaid interest.

Prepayment

The Loan is expected to be pre-payable in whole (but not in part) at any time during the term of the Loan, subject to a yield maintenance prepayment penalty. The prepayment penalty is expected to be equal to the "Prepayment Premium," as defined and calculated in accordance with a formula set forth in the Loan Agreement (with a minimum fee of 1% of the principal amount being repaid); provided, however, if the prepayment is made (1) after May 31, 2029 but before August 31, 2029, the Prepayment Premium will be 1% of the amount of principal being prepaid, or (2) on or after August 31, 2029, no prepayment penalty will be due.

Covenants, Representations and Warranties

The Loan Documents are expected to contain customary covenants, representations and warranties. Specifically, the Loan Documents are expected to require the Trust to obtain the Lender's prior written approval before the Trust or the Master Tenant, as applicable, can take various actions, including, without limitation, making certain modifications to the Property, modifying or terminating the Master Lease or the Property Management Agreement or entering into any replacement property management agreement, in each case except as otherwise set forth in the Loan Documents.

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

Insurance, Casualty and Condemnation

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

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

In the event of any damage to or destruction of any part of the Property, the Trust will be required to give prompt notice to the Lender of such damage or destruction and to promptly commence and prosecute the completion of the restoration of the Property. The Trust will be responsible for paying all costs of such restoration, even if not covered by insurance. If the net proceeds received by the Lender as a result of damage or destruction are less than \$100,000, the proceeds will be required to be paid to the Trust so long as there is no then existing event of default under the Loan and certain other conditions under the Loan Agreement are met. If the net proceeds received by the Lender as a result of damage or destruction are equal to or greater than \$100,000, the Lender will be required to make the net proceeds available for the restoration, provided there is no existing event of default under the Loan and certain other conditions under the Loan Agreement are met.

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

Lender Reserve Accounts

The Loan Agreement is expected to provide for two Lender Reserve Accounts: a Replacement Reserve Account and a Repairs Escrow Account. At closing, the Trust will be required to deposit \$94,500 into the Replacement Reserve Account, which will be held by the Lender throughout the Loan term, and \$0 into the Repairs Escrow Account, to be used for certain specified repairs required to be made to the Property.

The Trust is not expected to be required to make ongoing deposits into the Lender Reserve Accounts. However, the Lender may require the Trust to make additional deposits into the Lender Reserve Accounts upon certain circumstances, including a transfer of the Property or the Interests, or if the Lender determines that the amounts in the Lender Reserve Accounts are not sufficient to cover the costs of the required repairs and replacements.

Events of Default

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

- (1) any failure to pay or deposit when due any amount required by the Note, the Loan Agreement or any other Loan Document;
- (2) any failure to maintain the insurance coverage required by the Loan Documents;
- (3) any failure by the Trust to comply with the provisions of the Loan Agreement relating to its single asset status;

- (4) if any warranty, representation, certification or statement in the 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 Loan application, any financial statement or other information provided to the Lender, or any request for the Lender's consent to any proposed action under the Loan Documents;
- (6) the occurrence of any Transfer (as defined in the Loan Agreement) not permitted by the Loan Documents;
- (7) the occurrence of a Bankruptcy Event (as defined in the Loan Agreement);
- (8) the commencement of a forfeiture action or proceeding which in the Lender's reasonable judgment could result in forfeiture of the Property or materially impair the Lender's lien or interest in the Property;
- (9) any transfer due to the revocation of a trust or the revocation or termination of such trust, except as set forth in the 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 Loan Agreement) in accordance with the terms of the Loan Agreement;
- (12) a termination, amendment or modification of the Master Lease not permitted by the Loan Documents;
- (13) a default by the Master Tenant with respect to certain covenants in the Tenant/Landlord Subordination and Assignment Agreement (as defined in the Loan Agreement) that are the Master Tenant's obligations under the Master Lease, and which default continues beyond the expiration of all applicable notice and cure periods, or an "Event of Default" under and as defined in the Tenant/Landlord Subordination and Assignment Agreement; or
- (14) a default which continues beyond any applicable cure period under the Master Lease.

Upon any uncured event of default under the Loan Agreement, the Lender will have the right, at its option, to exercise any of the rights and remedies available to it under the Loan Documents, at law or in equity, without notice or demand, including declaring the entire indebtedness immediately due and payable; provided, however, upon the occurrence of a Bankruptcy Event, the entire indebtedness under the Loan Documents will immediately and automatically become due and payable, without notice or further action by the Lender.

Restrictions on Transfer of Interests

The Loan Agreement is expected to contain various restrictions on the transfer of Interests. A direct or indirect transfer of Interests is expected to be permitted, provided that the following conditions are satisfied: (1) no event of default (as described in the Loan Agreement), or any event that would constitute an event of default, has occurred and is continuing; (2) Fayetteville Student Housing Exchange, L.L.C. continues to be the Signatory Trustee and Asset Manager of the Trust, and maintains the same ability to manage and "Control" (as defined in the Loan Agreement) the Trust as it did on the closing date; (3) IPC continues to be the manager of Fayetteville Student Housing Exchange, L.L.C. and maintains the same ability to manage and Control Fayetteville Student Housing Exchange, L.L.C. as it did on the closing date; and (4) in the event that any transfer would result in the transferee owning 25% or more of a direct or indirect beneficial interest in the Trust, the Trust provides advance written notice to the Lender of such transfer and provides the Lender with such information as necessary to allow the Lender to determine that the transferee is not a "Prohibited Person" (as defined in the Loan Agreement).

Securitization of the Loan

The Lender is expected to have the right to, at any time, sell, transfer or assign the Note, the other Loan Documents and any or all servicing rights with respect thereto, or grant participations therein or issue mortgage

pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (each, as designated by the Lender, a “**Securitization Transaction**”). The Lender may forward to each purchaser, transferee, assignee, servicer, participant, investor in such Securitization Transaction or any rating agency rating such Securitization Transaction and each prospective party and the advisor of each such party, all documents and information that the Lender now has or may acquire relating to the Loan, the Trust and the Property, whether furnished by the Trust or otherwise, as the Lender determines necessary or desirable. The Trust, in entering into the Loan Documents, will agree to cooperate with the Lender and use reasonable efforts to facilitate the consummation of any Securitization Transaction.

Nonrecourse Loan

The Loan will be secured by the Mortgage and the Assignment. The Trust will be responsible for repayment of the Loan. The Loan will be nonrecourse to the Investors. Accordingly, the Investors will have no personal liability in connection with the Loan. However, upon an uncured event of default under the Loan, the Lender will have the right to foreclose on the Property. If this were to occur, the Investors would be likely to lose their entire investment in the Trust.

Environmental Indemnity

Concurrent with the Trust’s entry into the Loan Documents, the Trust will enter into an Environmental Indemnity Agreement in favor of the Lender. Pursuant to this agreement, the Trust will agree to indemnify and hold the Lender and its officers, directors, shareholders, employees, agents, and their successors and assigns harmless from and against any losses incurred by such indemnified parties and directly or indirectly arising out of the presence of, or release of, hazardous substances on the Property or any violations of environmental law, among other related things.

ASSET MANAGEMENT

Fayetteville Student Housing Exchange, L.L.C., an affiliate of IPC, will serve as the Asset Manager pursuant to the Asset Management Agreement. A draft copy of the Asset Management Agreement is available in the Digital Investor Kit. A copy of the executed Asset Management Agreement will be made available to Investors prior to an Investor's purchase of Interests. The Asset Manager also serves as the Signatory Trustee of the Trust under the Trust Agreement.

In its capacity as asset manager, the Asset Manager will be responsible for managing the Trust's day-to-day operations, including, but not limited to: reviewing all performance and financial information related to the 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 Loan; preparing financial reports for the Lender; managing the Reserve Accounts; providing bookkeeping and accounting services and maintaining the 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 Trust's investment objectives, including providing secretarial, clerical and administrative assistance for the Trust.

The Asset Management Agreement will have a 10-year term, and will thereafter automatically renew for successive one-year periods. The 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.

The Trust has agreed to pay the Asset Manager certain fees, as discussed in "*Compensation to IPC, its Affiliated Parties and the Property Manager – Asset Management Fees.*" The 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 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 sole member of the Asset Manager is IPC. IPC's officers and directors are set forth below.

<u>Name</u>	<u>Age*</u>	<u>Position and Office</u>
Mitchell A. Sabshon	66	Director and Chairman of the Board
Keith D. Lampi	38	Director and President and Chief Operating Officer
Rahul Sehgal	38	Director and Chief Investment Officer
Robert H. Baum	75	Director
Daniel L. Goodwin	75	Director
Catherine L. Lynch	60	Director
Roberta S. Matlin	74	Director
Robert D. Parks	75	Director
Robert M. O'Connor	58	Chief Accounting Officer and Treasurer
Kristin A. Orlando	41	Secretary
Joseph E. Binder	36	Executive Vice President
Nati N. Kiferbaum	30	Senior Vice President
Dione K. McConnell	48	Senior Vice President
Daniel W. Zatloukal	38	Senior Vice President
Venton J. Carlston	61	Director of Property Accounting/Vice President
Marianne K. Szalkowski	39	Controller/Vice President

*As of January 1, 2019

Mitchell A. Sabshon has served as a Director of IPC since September 2013, and as Chairman of the Board since January 2015. Mr. Sabshon is also currently the Chief Executive Officer and President of IREIC, positions he has held since August 2013 and January 2014, respectively. Mr. Sabshon also has served as a Director of IREIC and Inland Investment Advisors, Inc. since September 2013. Mr. Sabshon was appointed a Director of Inland Securities Corporation in January 2014, a Director of Inland Institutional Capital Partners Corporation in February 2014, a Director and Chief Executive Officer of Inland Real Estate Income Trust, Inc. in September 2014 and April 2014,

respectively, and a director of its business manager, IREIT Business Manager & Advisor, Inc., in October 2013. He has also served as a Director and the President and Chief Executive Officer of Inland Residential Properties Trust, Inc. and its business manager, Inland Residential Business Manager & Advisor, Inc., since December 2013. Prior to joining Inland in August 2013, Mr. Sabshon served as Executive Vice President and Chief Operating Officer of Cole Real Estate Investments. As Chief Operating Officer, Mr. Sabshon oversaw the company's finance, property management, asset management and leasing operations. Prior to joining Cole, Mr. Sabshon held several senior executive positions at leading financial services firms. He spent almost 10 years at Goldman, Sachs & Co. in various leadership positions including President and CEO of Goldman Sachs Commercial Mortgage Capital. He also served as a Senior Vice President in Lehman Brothers' real estate investment banking group. Prior to joining Lehman Brothers, Mr. Sabshon was an attorney in the corporate and real estate structured finance practice groups at Skadden, Arps, Slate, Meagher and Flom in New York.

Mr. Sabshon was the Chairman of the Board of the Investment Program Association for 2017. He is also a member of the Commercial Real Estate Finance Council, Real Estate Roundtable, The Chicago Council on Global Affairs, International Council of Shopping Centers ("ICSC"), Mortgage Bankers Association ("MBA") and Urban Land Institute ("ULI"). Mr. Sabshon is a member of the New York State Bar. He also holds a real estate broker license in New York. 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 \$6 billion in real estate transactions across retail, office, industrial, student housing, self-storage 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 since May 2016.

Mr. Lampi was appointed to the Board of Directors of ADISA, the nation's largest alternative investment securities association, in 2014; he is currently serving a second term which began in 2016. Mr. Lampi was the President of ADISA for 2018. In addition, he has previously held the positions of Secretary and Chairman of its Marketing and Membership Committee. He also serves as a Director of the ADISA Foundation, which assists with scholarships and special projects to grow the study and appreciation of the alternative and direct investment arena. Mr. Lampi was the recipient of the 2016 ADISA Distinguished Service Award, an award presented to individuals and companies that have provided exceptional service to ADISA, the alternative investments industry and the overall community. Mr. Lampi also was featured in the October 2013 edition of Real Estate FORUM Magazine – "Top 40 under 40."

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 is currently Chairman of the Board and Chief Executive Officer of The Inland Group, Inc., the parent company of IREIC, and Chairman of the Board of IREIC.

He is also chair of the National Association of Real Estate Investment Trusts ("NAREIT") Non-Traded REIT Council. Mr. Goodwin has also been Chairman of the Board of several bank holding companies and a commercial real estate mortgage company. Mr. Goodwin also served as a director of Inland Real Estate Corporation (n/k/a IRC Retail Centers LLC) 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 Inland Real Estate Income Trust, Inc. since July 2012 and as a director and the Chairman of the Board of Inland Residential Properties Trust, Inc. since December 2013.

Mr. Goodwin has been in the real estate industry for many years, and has demonstrated a lifelong interest in education and housing related issues. He is the author of a nationally recognized real estate reference book for the management of residential properties, and also authored the milestone report for the DuPage County Affordable Housing Study. In addition, Mr. Goodwin has served for 10 years on the Board of the Illinois State Affordable Housing Trust Fund, and founded the non-profit New Directions Housing Corporation, which provides affordable housing in the Midwest.

Mr. Goodwin obtained his bachelor degree and master's degree from Illinois state universities. Following graduation, he taught for five years in the Chicago Public Schools. Since then, Mr. Goodwin's educational involvement includes serving as Vice-Chairman 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.

Mr. Goodwin spent a great deal of his time in public service and has been honored with dozens of awards, among them, Corporate Partner Award for NAWBO (National Association of Women Business Owners), Affordable Housing Leader Award from Catholic Charities, Employer of the Year Award from The Ray Graham Association for People with Disabilities, Transitional Housing for the Homeless Award from PADS, Inc., and the YWCA Award for Commitment to the Advancement of Women in the Workplace. Mr. Goodwin was the recipient of the 2009 Ethics in Business Award from the Better Business Bureau. He is a member of the National Association

of Realtors President's Circle, the National Association of Realtors Hall of Fame, the Illinois Association of Realtors Hall of Fame, and The Chicago Association of Realtors Hall of Fame.

Catherine L. Lynch serves as a Director of IPC. Ms. Lynch joined Inland in 1989 and has been a Director of The Inland Group 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 Treasurer and Secretary (since June 1995) of Inland Securities Corporation. She has served as Chief Financial Officer of Inland Real Estate Income Trust, Inc., since April 2014, and as a Director of its business manager, IREIT Business Manager & Advisor, Inc. since August 2011. She also has served as Chief Financial Officer of Inland Residential Properties Trust, Inc. and as the Chief Financial Officer of its business manager, Inland Residential Business Manager & Advisor, Inc., since December 2013. Ms. Lynch also has served as a Director and Treasurer of Inland Investment Advisors, Inc. from June 1995 to December 2014, as a Director and Treasurer of Inland Institutional Capital Partners Corporation from May 2006 to December 2014, as Treasurer of Inland Capital Markets Group, Inc. since January 2008 and as a Director of IPC since May 2012. Ms. Lynch worked for KPMG Peat Marwick LLP from 1980 to 1989. Ms. Lynch received her bachelor degree in accounting from Illinois State University in Normal. 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 November 1984 as director of investor administration and currently serves as a Director and Senior Vice President of IREIC. Ms. Matlin currently serves as a Senior Vice President of the Inland Real Estate Group, Inc. Ms. Matlin serves as the Chairman of The Inland Real Estate Group of Companies, Inc. Charitable Foundation since July 2014. Ms. Matlin also serves as the Vice President (since May 2006) and a Director (since August 2012) of Inland Institutional Capital Partners Corporation and a Director (since December 2007) of Pan American Bank. 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 a Director and President (July 1995 to March 1997) of Inland Securities Corporation and Director and Vice President since April 1997. Ms. Matlin has served as the Vice President of Inland Real Estate Income Trust, Inc., and the Vice President of IREIT Business Manager & Advisor, Inc., since August 2011. She has served as Vice President of Inland Residential Business Manager & Advisor, Inc. since December 2013. She served as the Vice President of Inland Diversified Real Estate Trust, Inc. from June 2008 until it was acquired in July 2014, and served as the President (June 2008 to May 2009) and then as the Vice President of Inland Diversified Business Manager & Advisor, Inc. from May 2009 to December 2015. She served as Vice President of Administration of InvenTrust Properties Corp. (f/k/a Inland American Real Estate Trust, Inc.) from October 2004 until February 2014 and as President (October 2004 to January 2012). Ms. Matlin served as Vice President of Administration of Retail Properties of America, Inc. from 2003 until 2007, Vice President of Administration of Inland Retail Real Estate Trust, Inc. from September 1998 until December 2004, Vice President of Administration of Inland Real Estate Corporation (n/k/a IRC Retail Centers LLC) from March 1995 until June 2000 and Trustee and Executive Vice President of Inland Mutual Fund Trust from October 2001 until May 2004. Ms. Matlin also has served as the President of Inland Opportunity Business Manager & Advisor, Inc. since April 2009.

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 at Urbana-Champaign. She holds Series 7, 22, 24, 39, 63, 65, 79 and 99 licenses from FINRA. Ms. Matlin is a member of NAREIT, the Institute for Portfolio Alternatives, and 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, Inc. 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. He is also one of five members on IPC's CEO Council which is responsible for 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. He is also a member of the ICSC, MBA, ULI and National Multifamily Housing Council.

Nati N. Kiferbaum joined Inland in January 2012 and currently serves as Senior Vice President of IPC. Prior to working for Inland, Mr. Kiferbaum was an analyst for Morgan Stanley Smith Barney in Chicago, Illinois. Mr. Kiferbaum joined Inland as a financial analyst for IPC and a year later assumed the role of senior financial analyst. Mr. Kiferbaum currently oversees the Capital Markets Group which is responsible for overseeing IPC's capital raising initiatives, developing the marketing strategy, and managing the due diligence process with Inland's selling group for each new offering. Additionally, Mr. Kiferbaum works closely with Inland Securities Corporation, its internal sales staff, and registered representatives by providing education on Inland's private placement products. He received his bachelor degree in finance from the University of Iowa. Mr. Kiferbaum holds Series 7, 63 and 79 licenses with FINRA and is a member of ADISA.

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. 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 24 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 the Property Manager 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.

PROPERTY MANAGEMENT

The Property Manager and the Property Management Agreement

Concurrent with entering into the Master Lease, the Master Tenant will enter into the Property Management Agreement with the Property Manager for the management of the Property. A draft copy of the Property Management Agreement is available in the Digital Investor Kit. A copy of the executed Property Management Agreement will be made available to Investors prior to an Investor's purchase of Interests.

Pursuant to the Property Management Agreement, the Master Tenant will be appointed the Property Manager as the sole and exclusive manager for all residential housing on the Property, along with all attendant common and recreation areas serving the residential housing components of the Property. Specifically, the Property Manager will be responsible for leasing services at the Property, including advertising the Property and organizing promotional events and promotional gifts; negotiating, entering into, and enforcing Residential Leases at the Property; coordinating student move-ins at the Property; hiring, supervising and paying on-site management staff; collecting all rent, charges, fees, and other sums arising from the operation of the Property on behalf of the Master Tenant; maintaining the Property, and arranging for repair or restoration of the Property as needed; negotiating contracts for services and utilities to the Property; providing certain inspections of the common areas and inhabited portions of the Property; maintaining Property records; investigating and making insurance claims; and coordinating post-closing items subsequent to the acquisition of the Property. The Property Manager is responsible for preparing and acting in accordance with an annual management plan, which includes an operating budget, a marketing budget and a cap ex budget.

The Property Management Agreement will have an Initial Term of three years, and will automatically renew for successive one-year periods thereafter. The Property Management Agreement may be immediately terminated by either party if (1) the other party breaches any of its obligations under the Property Management Agreement and such breach is not cured within 30 days (or 15 days in the case of a monetary breach) after receipt of notice from the non-breaching party; (2) the other party experiences a bankruptcy event, as described in the Property Management Agreement; (3) the other party commits any act of fraud, willful misconduct or gross negligence in the performance of its duties under the Property Management Agreement; (4) all or a substantial portion of the Property is destroyed or rendered uninhabitable by fire, weather, earthquake or other casualty; (5) all or a substantial portion of the Property is condemned or otherwise declared uninhabitable by any governmental authority having jurisdiction over the Property, or the certificate of occupancy for all or a substantial portion of the Property is revoked; (6) all or a substantial portion of the Property is taken by eminent domain; or (7) the Master Tenant assigns or partially assigns the Master Lease and/or the Trust sells the Property, or a controlling interest in the Trust, to a third party.

Additionally, the Property Management Agreement may be terminated by either party for convenience at any time upon 60 days' prior written notice to the other party; provided, however, if the Master Tenant elects to terminate the Property Management Agreement for convenience during the Initial Term, the Master Tenant will be obligated to pay the Property Manager the PM Termination Fee.

The Master Tenant will be responsible for paying the Property Manager certain fees, as discussed in "*Compensation to IPC, its Affiliated Parties and the Property Manager – Property Management Fees.*"

The Property Management Team

Landmark Properties' senior leadership has over 100 years of collective industry experience. The principals of Landmark Properties are J. Wesley Rogers, President and Chief Executive Officer, and James B. Whitley, Vice President and Chief Operating Officer.

J. Wesley Rogers. Mr. Rogers has overseen the acquisition, financing, development, and operations of over \$4 billion worth of new construction student housing. Mr. Rogers is responsible for establishing and implementing Landmark Properties' overall corporate strategy, and is particularly involved in the development and finance side of the company's business. Mr. Rogers obtained his bachelor degree in finance from the University of Georgia and his Master's in Business Administration degree from the University of Georgia. Upon graduating business school in 2004, he co-founded Landmark Properties. Mr. Rogers was named the 2017 E&Y Entrepreneur of the Year for the Southeast United States in the Real Estate Category.

James B. Whitley. Mr. Whitley has been involved in the orchestration, design, development, and management of student housing projects across the country since 2003. Mr. Whitley is responsible for all operational aspects associated with Landmark Properties' student portfolio. Mr. Whitley has also been integral in the development of the Student Cottage Concept under Landmark Properties' "Retreat" brand, and is heavily involved with the development of the luxury urban infill branded "The Standard".

Mr. Whitley obtained his bachelor degree in land planning from the University of Georgia. He began his career in real estate in 1999; in May 2004 he co-founded Landmark Properties. He served as the Board Chairman of the Athens Boys and Girls Club and serves on the University of Georgia's Student Affairs Advisory Board. Mr. Whitley is an active real estate broker, a member of the Athens Area Homebuilders Association and a member of the Athens Chamber of Commerce.

The biographies set forth above are based on information set forth on Landmark Properties' website, www.landmark-properties.com. Please note, however, that IPC did not independently verify this information and cannot assure Investors of its accuracy or completeness.

See "*Frequently Asked Questions – What is Landmark Properties, Inc.?*" for additional discussion regarding the Property Manager.

CONFLICTS OF INTEREST

Conflicts of Interest

IPC, the Asset Manager, the Property Manager, their principals and their 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 Property, which may compete with the Property, and may acquire additional properties in the future that may also compete with the Property. IPC, the Asset Manager, 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 efforts and time of IPC, the Asset Manager, the Property Manager and the Master Tenant will not be solely dedicated to the Trust.

IPC, the Asset Manager, the Property Manager, the Master Tenant and their respective 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 Trust.

The landlord-tenant relationship between the Signatory Trustee and the Master Tenant may lead to a conflict of interest.

The Master Tenant and the Signatory Trustee are both affiliates of IPC. This may lead to a conflict of interest between their roles under the Master Lease. For example, there would be a conflict of interest if the Master Tenant were in breach of the Master Lease because only the Signatory Trustee would have authority on behalf of the Trust to enforce the Master Lease against the Master Tenant. In such a situation, the interests of the Signatory Trustee may not be aligned with the interests of the Investors.

Principals of IPC, the Asset Manager and the Master Tenant 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 Manager, the Master Tenant and their affiliates may have obligations to other entities sponsored by or affiliated with IPC. Therefore, IPC, the Asset Manager, the Master Tenant 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 Manager, the Master Tenant 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 Manager, the Master Tenant and the Property. Such parties believe they have the capacity to discharge their responsibilities to the Trust and the Property, notwithstanding participation in other present and future investment programs and projects.

The Property Manager will be subject to additional conflicts of interest.

The Property Manager, a third party unrelated to the Trust, the Master Tenant, the Asset Manager, and the Sponsor, will be subject to conflicts of interest among its activities, roles and duties for other entities and the activities, roles and duties it is expected to assume on behalf of the Master Tenant. Conflicts exist in allocating management time, services and functions between its current and future activities and the Master Tenant.

The Property Manager and/or its affiliates may now or in the future own or manage student housing properties in the vicinity of the Property. The Property Manager could direct Residents away from renewing their Residential Leases and toward leasing apartment units at such other properties; provided, however, the Property Management Agreement will require the Property Manager to perform its duties under the Property Management Agreement using the same standard of care exercised in managing and operating its own, and/or any affiliate's student housing properties, subject to limitations in the annual management plans for the respective Property. See "Property Management" for additional discussion.

The Trust will not have arm's-length agreements with the Asset Manager or the Master Tenant.

The agreements and arrangements with the Asset Manager and the Master Tenant were not negotiated at arm's-length. These agreements may contain terms and conditions that are not in the Trust's best interest or would not be present if the Trust had entered into arm's length agreements with third parties.

IPC, the Asset Manager and the Property Manager will face conflicts of interest caused by their compensation arrangements with the Trust.

IPC, the Asset Manager 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 Trust, IPC and the Asset Manager share legal representation.

Counsel to the Trust, IPC and the Asset Manager 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 Manager and the Master Tenant 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 Property, 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 June 30, 2019, IPC had sponsored 241 private placement programs. As of June 30, 2019, these private placement programs had offered more than \$4.93 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 241 private placement programs include 669 properties, comprised of over 48.1 million square feet of gross leasable area, and including over 19,600 residential units, for an aggregate offering price of more than \$8.88 billion. Of these properties, 411 are retail properties and centers, 39 are office buildings, 50 are medical office/healthcare, 11 are industrial and distribution centers, 75 are multifamily properties, four are student housing properties, 76 are self-storage locations and three are hospitality 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 241 private placement programs include a program that intends to qualify as a “qualified opportunity fund” under the Code, and to develop an integrated mixed-use development consisting of the hotel and multifamily properties.

As of June 30, 2019, 107 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 June 30, 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 June 30, 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 June 30, 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								
<i>Retail Properties</i>								
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).
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).
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%	
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%	
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%	

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
Louisville Multifamily DST	06/30/2014	06/11/2019	4.95	\$40,446,295	\$45,500,000	8.50%	140.70%	
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 (H).
Burbank 1031, L.L.C.	04/09/2007	06/05/2017	9.83	\$11,345,000	\$9,350,000	2.13%	120.93%	

*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-June 30, 2019 Sales.** As noted above, this table presents only those programs with a sale date of less than 10 years prior to June 30, 2019. However, as of the date of this Memorandum, three additional properties have been sold, as follows: (1) Sentry Office, owned by Sentry Office Building DBT and located in Davenport, Iowa, was sold on July 15, 2019 for a sale price equal to \$9,850,000; (2) Chicagoland Multifamily DST located in Chicago, Illinois, was sold on August 30, 2019 for a sale price of \$15,240,000; and (3) Life Time Fitness, owned by Vegas Fitness Center DST (part of National Net Lease Portfolio VII DST) and located in Summerlin, Nevada, was sold on September 19, 2019 for a sale price of \$53,500,000.
- (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, and the former Jones Apparel Office Building in Bristol Township, PA (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, or were offered the option of reinvesting their sale proceeds into ZC Pharmacy VIII DST, which indirectly owns 16 properties operated as CVS pharmacy stores, 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) 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 June 30, 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 for the six months ended June 30, 2019, 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 June 30, 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 June 30, 2019.

The following tables present only those programs with an offering date of less than 10 years prior to June 30, 2019. The tables have been updated as of June 30, 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 06/30/2019	PPM Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 06/30/2019	Notes
Retail Properties								
National Retail Portfolio Venture DST	01/10/2011	\$20,960,000	48.01%	\$40,313,200	6.85%	6.85%	6.44%	
Discount Retail Portfolio DST	02/28/2011	\$10,500,000	0.00%	\$10,500,000	7.06%	7.05%	7.06%	
National Net Lease Portfolio DST	06/20/2011	\$29,002,065	46.01%	\$53,718,065	5.77%	7.13%	5.00%	
Grocery & Pharmacy Portfolio DST	08/10/2011	\$23,425,285	47.67%	\$44,768,285	2.08%	7.30%	5.51%	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*)	4.80%	

Program Name**	Program Offering Date	Total Equity Raised	Original LTV	Offering Price	Actual Annualized Cash-on-Cash Return 06/30/2019	PPM Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 06/30/2019	Notes
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	2.64%	6.00%	5.49%	See note (5).
CW Pharmacy II DST	06/29/2012	\$9,965,666	48.53%	\$19,360,666	6.22%	6.28%	6.16%	
Mt. Pleasant Retail Venture DST	08/22/2012	\$11,110,235	53.83%	\$24,061,153	6.44%	6.44%	6.36%	
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%	6.64%	
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%	5.66%	
Discount Retail Venture I DST	04/08/2013	\$5,308,050	56.52%	\$12,208,050	5.90%	5.90%	5.81%	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%	5.52%	See note (7).
Huntsville Retail Center DST	07/11/2013	\$13,883,448	49.23%	\$27,344,448	6.52%	6.52%	6.17%	
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	4.24%	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%	4.31%	
National Net Lease Portfolio V DST	03/28/2014	\$37,089,317	54.96%	\$82,051,937	4.24%	5.14%	4.99%	See note (9).
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%	5.04%	
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%	5.78%	
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%	5.52%	
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%	5.33%	
Retail Portfolio II DST	08/25/2015	\$12,063,531	62.93%	\$32,538,531	5.05%	5.05%	5.71%	
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%	5.96%	
National Net Lease Portfolio VII DST	11/19/2015	\$89,357,629	40.38%	\$149,883,245	5.10%	5.10%	5.19%	
Chicagoland Supermarket Portfolio DST	02/02/2018	\$39,769,696	0.00%	\$39,769,696	4.00%	4.00%	4.21%	See note (10).

Program Name**	Program Offering Date	Total Equity Raised	Original LTV	Offering Price	Actual Annualized Cash-on-Cash Return 06/30/2019	PPM Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 06/30/2019	Notes
Office Properties								
Omaha Headquarters Venture DST	07/12/2010	\$12,390,000	42.08%	\$21,390,000	8.44%	8.44%	7.70%	
Miami Office DST	10/04/2010	\$8,221,228	0.00%	\$8,221,228	7.50%	7.50%	6.89%	See note (11).
University Venture DST	11/01/2010	\$10,697,831	0.00%	\$10,697,831	5.50%	8.59%	5.99%	See note (3).
Scarborough Medical DST	12/20/2010	\$7,334,245	45.59%	\$13,480,495	7.00%	7.00%	6.50%	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%	7.54%	
Multifamily Properties								
<i>(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.)</i>								
Chicagoland Multifamily DST	06/18/2012	\$7,754,945	43.72%	\$13,779,945	5.75%	5.75%	6.09%	
Lafayette Multifamily DST	10/22/2013	\$7,367,534	54.15%	\$16,067,534	4.00%	6.01%	5.83%	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%	
San Antonio Multifamily II DST	05/19/2015	\$14,308,958	58.86%	\$34,783,958	5.00%	5.00%	5.00%	
Park Creek Steeple Multifamily DST	07/13/2015	\$48,566,140	60.36%	\$122,531,140	5.00%	5.00%	5.41%	
Colorado Multifamily Portfolio II DST	12/07/2015	\$30,665,631	48.06%	\$59,040,631	5.00%	5.00%	5.02%	
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%	
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%	4.88%	
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%	

Program Name**	Program Offering Date	Total Equity Raised	Original LTV	Offering Price	Actual Annualized Cash-on-Cash Return 06/30/2019	PPM Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 06/30/2019	Notes
Student Housing Properties								
University Lofts, L.L.C.	07/02/2014	\$18,300,000	51.46%	\$37,700,000	5.00%	8.57%	5.95%	See note (15).
Charlotte Student Housing DST	10/21/2015	\$29,345,975	50.76%	\$59,595,975	2.25%	5.00%	3.13%	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%	5.50%	
Texas Healthcare Portfolio DST	04/28/2016	\$45,751,631	0.00%	\$45,751,631	5.60%	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	3.81%	5.22%	4.77%	See note (17).
Healthcare Portfolio III DST	09/07/2017	\$29,121,408	0.00%	\$29,121,408	5.05%	5.05%	5.12%	
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%	
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%	
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%	
Hospitality Properties								
Healthcare Hospitality DST	07/17/2018	\$26,946,196	45.39%	\$49,346,196	6.25%	6.25%	6.25%	
"Zero Cash Flow" Programs								
<i>(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.)</i>								
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).

Program Name**	Program Offering Date	Total Equity Raised	Original LTV	Offering Price	Actual Annualized Cash-on-Cash Return 06/30/2019	PPM Projected Cash-on-Cash Return 2019	Avg. Cash-on-Cash Return from Inception through 06/30/2019	Notes
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 June 30, 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 six months ended June 30, 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 6/30/2019	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								
Cary Custom 1031, L.L.C.	02/19/2016	\$13,883,602	50.01%	\$27,771,102	4.50%	4.50%	4.50%	
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%	5.26%	4.79%	
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%	

*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. The asset manager is currently 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 has informed investors that it expects the cash-on-cash return will 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 June 30, 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 4.21% 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 is currently scheduled to expire on December 31, 2019. However, the asset manager was subsequently informed that the tenant will vacate upon its lease expiration. The asset manager will work with its internal leasing team and third-party brokers to procure a replacement tenant.
- (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 has 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 has 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, investors were notified on October 11, 2018 that the cash distributions will be 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. As of the date of this Memorandum, the asset manager is evaluating a sublease which had been executed by the tenant subsequent to ceasing operations of the inpatient and surgery services.

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 (3) 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. As of June 30, 2018, IPC had 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 Trust’s knowledge, there are no legal actions pending or threatened against the Trust.

With respect to previous IPC-sponsored programs with offering date of less than 10 years prior to June 30, 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, in connection with seller's (Sanctuary's) fraud. This action is currently scheduled for trial in November 2019.

- (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 is a summary of certain federal income tax consequences to the Investors that prospective Investors should consider. A complete discussion of the federal tax consequences of acquiring Interests is beyond the scope of this summary. Prospective Investors should be aware that the income tax consequences of an acquisition of an Interest are uncertain and complex and that such consequences may not be the same for all taxpayers. Neither the Trust nor any of the Trust's affiliates are providing any assurances or legal opinions to the effect that the acquisition of Interests by any prospective Investor will meet the requirements under Section 1031. The following summary is based on the Code, regulations enacted under the Code (the "**Regulations**"), court decisions and published IRS rulings that are in effect on the date of this Memorandum. Future legislative or administrative changes or court decisions may significantly change the conclusions expressed below, and these changes or decisions may have a retroactive effect.

Classification for Purposes of Section 1031

The Trust Agreement has been structured with the intent that an Investor will be treated as acquiring an undivided interest in real estate, as opposed to a security or interest in a partnership, joint venture, association or trust for federal income tax purposes. An Investor who is acquiring an Interest pursuant to a Section 1031 Exchange must be aware that the Interest must be treated as an interest in real property and not as an interest in a partnership, joint venture, association or trust in order for an Investor to be eligible to use the Interest as part of a Section 1031 Exchange. However, no ruling will be requested from the IRS that the Interests will be treated as undivided interests in real estate as opposed to an interest in a partnership, joint venture, association or trust for federal income tax purposes. In the absence of a ruling, there can be no assurance that the IRS will treat the Interests as interests in real estate for federal income tax purposes. Consequently, an Investor acquiring an Interest as part of a Section 1031 Exchange should, and is required to represent in the Investor Questionnaire & Purchase Agreement, that such an Investor has consulted his, her or its own tax advisor about the tax consequences of any Section 1031 Exchange and its potential risks.

An Interest must constitute an interest in real estate to qualify for exchange treatment under Section 1031. The determination of whether an Interest will be treated for federal income tax purposes as ownership in real estate and not as a security or an interest in a partnership, joint venture, association or trust is dependent upon all of the surrounding facts and circumstances. 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 Revenue Ruling 2004-86 contains numerous factual assumptions regarding the DST, not all of which apply to the Trust, there can be no guarantee that the Interests will satisfy the requirements of Section 1031. Nevertheless, the Trust Agreement has been drafted such that it is consistent with the material factual assumptions regarding the DST, and Special Tax Counsel to the Trust has rendered a Tax Opinion that the acquisition of Interests by an Investor **should** be treated as a direct acquisition of the Property for purposes of Section 1031. Such opinion will rely upon the accuracy and completeness of certain documents, facts, representations and assumptions that may not be applicable to a particular prospective Investor. In addition, qualification of the transaction under Section 1031 requires meeting numerous statutory, regulatory and other conditions and also involves issues based on facts and situations that are not and cannot be known to Special Tax Counsel. Therefore, each prospective Investor's tax situation with respect to an exchange will be different and a prospective Investor must consult with his, her or its own tax advisor regarding his, her or its ability to effectuate an acquisition of replacement property under Section 1031. The Tax Opinion addresses only one aspect in qualifying under Section 1031, whether an acquisition of an Interest can be treated as a direct acquisition of the Property for purposes of Section 1031.

Other issues relevant to qualification under Section 1031 that are not addressed include, but are not limited to:

- whether a prospective Investor has properly identified the replacement property within the 45-day time period;
- whether the Relinquished Property qualified as being held for investment purposes or in a trade or business;
- whether a prospective Investor will fall within the deferred exchange safe harbor rules by properly using a “qualified intermediary” and a “qualified exchange escrow”;
- whether a prospective Investor acquiring the Interests and attempting to do a reverse exchange meets all the qualifications spelled out in Revenue Procedure 2000-37, 2000-2 C.B. 308 (September 18, 2000);
- whether some portion of the Property is “personal property” not “real property”; and
- whether any amounts paid by, or deemed paid by, the prospective Investors with respect to certain costs and expenses of the Offering, financing costs and funding of the Trust Reserve Account will be deemed to constitute other consideration received in the exchange.

Therefore, a prospective Investor must consult his, her or its own tax advisor regarding an acquisition of an Interest and the qualification of his, her or its transaction under Section 1031. A prospective Investor may not rely on the Trust’s Special Tax Counsel or on the Trust, its affiliates or its agents, including its accountants, for any tax advice regarding the treatment of his, her or its transaction under Section 1031. For the same reason, except as provided in the Tax Opinion (subject to the limitations described therein), a prospective Investor may not rely on any statement made in this Memorandum regarding the qualification of his, her or its purchase of an Interest under Section 1031. No representation or warranty of any kind is made with respect to the IRS’s acceptance of the qualification of a proposed Section 1031 Exchange.

Property Identification for Section 1031 Exchanges

Section 1031 generally permits taxpayers 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**”). If the three-property rule and 200% rule are violated, an Investor will still be treated as properly identifying any replacement property identified before the end of the identification period and received before the end of the exchange period if the fair market value of the replacement property received is at least 95% of the aggregate fair market value of all identified replacement property. The property identification rules of Section 1031 are complex, and Investors must consult with their own qualified intermediaries and tax advisors concerning their satisfaction of the property identification requirements of Section 1031.

Receipt of Boot

If, in a Section 1031 Exchange, 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, 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 conclude that some amounts paid into the Trust Reserve Account and amounts paid in connection with the Offering of Interests constitute boot received by the Investors and not a reinvestment in real estate. Special Tax Counsel to the Trust is not opining as to whether any such amounts paid by or deemed paid by the Trust or the Investors will be considered an acquisition of real estate or boot to the Investors. See “*Estimated Use of Proceeds*” and “*Plan of Distribution*.”

Excess Business Losses May Not Be Currently Deductible

Under the recent Tax Cuts and Jobs Act of 2017, 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 for 2018 is \$250,000 (or twice the applicable threshold amount in the case of a joint return). The threshold amount is indexed for inflation. In the case of a partnership or S corporation, the provision applies at the partner or shareholder level. The provision applies after the application of the passive loss rules.

Limit on Business Interest Deductions

Under the recent Tax Cuts and Jobs Act of 2017, Code Section 163(j) limits annual deductions for "business interest" expense paid or accrued during the taxable year 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 and treated as business interest paid or accrued in the succeeding taxable year, subject to certain restrictions that are applicable to partnerships. 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. While the limitation generally applies at the taxpayer level, in the case of a partnership or an S corporation, the rule is applied at the partnership or S corporation level. In the case of a group of affiliated corporations that file a consolidated return, the limitation applies at the consolidated tax return filing 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 Code Section 163(d)) does not constitute business interest. Business interest includes disallowed business interest expense carryforwards from prior taxable years (including interest expense for which the deduction was disallowed under Code Section 163(j) as in effect prior to the amendments enacted pursuant to the Tax Cuts and Jobs Act of 2017 ("**Prior Code Section 163(j)**") for the taxpayer's last taxable year that began before January 1, 2018 and was carried forward pursuant to Prior Code Section 163(j)). 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. A real property trade or business also includes certain trades or businesses that are conducted in connection with the designing, building, managing, operating, or maintaining of certain core infrastructure projects that meet the requirements of the recently issued IRS Revenue Procedure 2018-59.

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.

An election by a real property trade or business is to be made at such time and in such manner as the IRS prescribes and, once made, is irrevocable. An electing real property trade or business is required to use the alternative depreciation system 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.

New Deduction for Qualified Business Income

The Tax Cuts and Jobs Act of 2017 adds new Code Section 199A that generally provides that a noncorporate taxpayer can deduct 20% of the "qualified business income" that he, she, or it receives during the taxable year. "Qualified business income" is the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer. For taxpayers whose taxable income exceeds the threshold amount of \$157,500 (\$315,000 in the case of a joint return) the deductible amount for a qualified trade or

business is the lesser of: (1) 20% of the taxpayer's qualified business income, or (2) the greater of (a) 50% of the W-2 wages relating to the qualified trade or business or (b) the sum of (i) 25% of the W-2 wages relating to the qualified trade or business and (ii) 2.5% of the "unadjusted basis immediately after acquisition of qualified property."

There is substantial uncertainty as to whether a taxpayer's ownership of real estate that is subject to a triple-net lease can qualify as a "trade or business" for purposes of Code Section 199A. The Department of Treasury recently issued Final Regulations that provide some guidance with respect to Code Section 199A. The "Summary of Comments and Explanation of Revisions" that the Department of Treasury included with the Final Regulations (the "**Explanation**") discusses rental real estate activities as a trade or business for purposes of Code Section 199A. The Final Regulations state that "trade or business" has the same meaning as in Code Section 162. The Explanation notes that the Department of Treasury and the IRS will not provide a bright-line rule as to whether rental real estate activities will be considered a Code Section 162 trade or business for purposes of Code Section 199A. However, the IRS did, simultaneously with the publication of the Final Regulations, issue Notice 2019-07, which proposes an IRS Revenue Procedure that would create a safe harbor that taxpayers with rental real estate activities can, if they meet the requirements, rely upon to treat their rental real estate activities as a "rental real estate enterprise" that will be considered a "trade or business" for purposes of Code Section 199A. However, the proposed IRS Revenue Procedure specifically excludes from the safe harbor triple net leases. The proposed IRS Revenue Procedure notes that failure to satisfy the requirements of the safe harbor does not preclude a taxpayer from otherwise establishing that a rental real estate activity is a trade or business for purposes of Code Section 199A. Thus, a taxpayer with a triple net lease will need to establish that his, her or its rental real estate activity qualifies as a Code Section 162 trade or business.

Under Code Section 162, the determination as to whether an activity rises to the level of a "trade or business" is based on the facts and circumstances. The current rules with respect to Code Section 162 require a taxpayer to be an active participant in his, her, or its real estate rental activities for the activities to constitute a "trade or business." As the Final Regulations note, a taxpayer seeking to determine whether a rental real estate activity is a Code Section 162 trade or business will need to consider factors including, but are not limited to, the following: (i) the type of rented property, (ii) the number of properties rented, (iii) the owner's or the owner's agents day-to-day involvement, (iv) the types and significance of any ancillary services provided under the lease, and (v) the terms of the lease. The Property is subject to the Master Lease, which may be a triple-net lease, and Investors are expected to be passive investors in the Property. Thus, there is substantial uncertainty as to whether the income that Investors receive from the Trust can qualify as "qualified business income" from a qualified trade or business.

Moreover, the Final Regulations also state that a taxpayer's "unadjusted basis" in replacement property that he, she, or it receives in a like-kind exchange under Section 1031 is his, her, or its basis in its Relinquished Property. Thus, an Investor who purchases his, her, or its Interest through a like-kind exchange under Section 1031 may have an "unadjusted basis" in his, her, or its Interest equal to the basis he, she, or it had in his, her, or its Relinquished Property. If so, an Investor who has a low basis in his, her, or its Relinquished Property will have a low "unadjusted basis" in his, her, or its Interest, and his, her, or its Code Section 199A deduction amount may be less than the deduction amount of an Investor who purchased his, her, or its Interest through means other than a Section 1031 Exchange.

There continues to be substantial uncertainty with respect to the application of Code Section 199A. Additionally, the application of Code Section 199A will differ based on each Investor's facts and circumstances. Therefore, each prospective Investor should consult with his, her, or its personal tax advisor to determine whether Code Section 199A applies to the income that the Investor receives from the Trust.

Tax Deficiency, Penalties and Interest

If an IRS audit disqualifies an Investor's proposed Section 1031 Exchange, the Investor will be taxed on his, her or its gain on the sale of the Relinquished Property, and the IRS will assess interest and could assess penalties and interest on the tax deficiencies associated with any failed Section 1031 Exchange. The Code provides for penalties relating to the accuracy of a tax return equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement which is attributable to: (1) negligence; (2) any substantial understatement of income tax; or (3) any substantial valuation overstatement. Additional interest may be imposed on underpayments relating to tax shelters. As indicated above, Special Tax Counsel to the Trust

will issue an opinion that an acquisition of an Interest **should** be treated as a direct acquisition of the Property for purposes of Section 1031. However, such opinion will not address whether an Investor's specific transaction qualifies as a Section 1031 Exchange or whether any amounts paid by or deemed paid by the Trust or the Investors with respect to certain expenses of the Offering or financing will be deemed to constitute an acquisition of real estate. While Special Tax Counsel to the Trust believes that its opinion is supported by substantial authority and that an Investor should not be subject to the accuracy-related penalties described above with respect to whether the purchase of an Interest qualifies as a direct acquisition of real estate, such opinion is not binding on the IRS and does not provide a guarantee against an adverse tax result.

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.

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 Property for income tax purposes. Certain expenses of the Property, such as depreciation, will be different for different Investors. The Signatory Trustee will keep records and provide information about expenses and income for each Investor. An Investor, however, will be required to keep separate records and to separately report his, her or its own net income or loss from the Property for income tax purposes. The application of certain rules, including the passive activity loss rules and the at-risk rules, may cause the tax treatment of certain expenses of the Property, such as depreciation, to be different for each Investor.

In addition to other income tax imposed by the Code, the Code imposes a 3.8% Medicare Contribution 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 rent and net gain from the disposition of investment property, less certain deductions.

Tax Impact of Sale of a Property

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 3.8% Medicare Contribution Tax is likely to apply to any net gain realized on a taxable disposition of a Property.

State and Local Laws

Prospective Investors may be affected in different ways by state and local tax laws that are not discussed in this Memorandum, such as income taxes, franchise taxes, privilege and use taxes, and other taxes and fees. Therefore, each prospective Investor should consult with his, her or its personal tax advisor regarding the state and local tax consequences resulting to such Investor from a potential purchase of an Interest.

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 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 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 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 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 Property and who meet the requirements set forth below. The Trust may permit persons to make a smaller investment.

The Trust will only accept a subscription from an “accredited investor,” as defined in Regulation D under the Securities Act. The 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 or she 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 Investment Advisers Act of 1940, as amended);
- 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 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 (1) any 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 (2) 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 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: No prospective Investor will be able to acquire an Interest in the Trust until the Closing Date, which is the date on which the following events have occurred: (1) the Trust has acquired the Property and obtained the Loan; (2) the Trust has entered into the Master Lease and assigned the Residential Leases to the Master Tenant; (3) the Trust has entered into the Asset Management Agreement; and (4) the Master Tenant has entered into the Property Management Agreement. If the Trust receives your Investor Questionnaire & Purchase Agreement prior to the Closing Date, it will hold your Investor Questionnaire & Purchase Agreement, but it will not accept any payment for the purchase of the Interests, until the Closing Date. The Trust will begin accepting payment of the purchase price for the Interests immediately following the issuance of the Closing Supplement.

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, her or its 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:

Prior to the Closing Date: The Trust will not accept any payment of the purchase price for the Interests prior to the Closing Date. From and after the Closing Date, the Trust will take the following steps:

i) If your investment is part of a Section 1031 Exchange – The Trust will advise your qualified intermediary (the holder of the exchange proceeds from your Relinquished Property) that the Closing Events have occurred. The Trust and the qualified intermediary then will coordinate the payment for the purchase of the Interests. Upon receiving the Investor Questionnaire & Purchase Agreement, and the necessary escrow instructions from the Trust, the qualified intermediary will either wire the funds from the qualified escrow account to the Trust or deliver to IPC, in person or by mail, a certified check **made payable to Fayetteville Student Housing DST**.

ii) If your investment is a direct investment – The 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 Trust (the preferred method), or by delivering to IPC, in person or by mail, a check **made payable to Fayetteville Student Housing 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 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 Trust, the qualified intermediary will either wire the funds from the qualified escrow account to the Trust or deliver to IPC, in person or by mail, a certified check **made payable to Fayetteville Student Housing 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 Trust (the preferred method), or by delivering to IPC, in person or by mail, a check **made payable to Fayetteville Student Housing 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 Trust, however, reserves the right to reject any offer, in which case the 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. **Pursuant to the terms of the Investor Questionnaire & Purchase Agreement, the Trust will not accept any investments in the Interests until the Closing Date, which is the date on which the following events have occurred: (1) the Trust has acquired the Property and obtained the Loan; (2) the Trust has entered into the Master Lease and assigned the Residential Leases to the Master Tenant; (3) the Trust has entered into the Asset Management Agreement; and (4) the Master Tenant has entered into the Property Management Agreement.**

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.

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 Trust. The Investor will deliver at closing to the Trust: (1) the Investor Questionnaire & Purchase Agreement; (2) an executed signature page for the Trust Agreement; and (3) any other documents as may reasonably be requested by the Trust. The initial closings of purchases will take place at such time that the 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 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 Trust’s Special Tax Counsel and attached hereto as Exhibit C, the Investors will acquire their Interests without any representations from the 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 Trust will not accept any investments in the Interests until the Closing Date, which is the date on which the Trust has acquired the Property and has obtained the Loan, the Trust will allow Investors to withdraw

any Investor Questionnaire & Purchase Agreement submitted prior to the Closing Date. Specifically, a prospective Investor may revoke his, her or its offer to purchase prior to the close of the fifth business day after the Trust issues the Closing Supplement (such date referred to herein as the “**Revocation Deadline**”) by providing written notice of revocation to the Trust prior to the Revocation Deadline. If a prospective Investor notifies the Trust of his, her or its desire to revoke the offer to purchase in a timely manner, the 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 Trust terminates the Offering for any reason, the 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 Trust and will have no claims against the 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 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 \$35,578,407, which comprises 100% of the Interests in the Trust. If any Interests cannot be sold, the 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 Trust. The 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 Trust will pay ISC Selling Commissions of up to 6.0% of the gross cash proceeds of the Offering, and ISC will reallocate (pay) the full amount of the Selling Commissions to broker/dealers who are members of FINRA. The Trust will pay ISC a Dealer Fee, in an amount equal 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 reallocate (pay) the full amount of the Dealer Fee to broker/dealers who are members of FINRA. In addition, the 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 0.61% 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 Trust out of the gross cash proceeds of the Offering. 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, ISC will pay those costs. Conversely, if the estimates exceed the actual costs and expenses, ISC 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 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 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 the 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 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 Trust may elect to further discount the price at which it sells the Interests. In any such circumstance, the proceeds to the 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 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 Trust. "Special Sales" are defined under the Placement Agent Agreement between the 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 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 Trust will have no liability for that compensation. The proceeds to the 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 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 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 Investment 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 Investment Advisers Act and its rules for its growing advisory business, as required by Section 206(4) of the Investment 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 Investment 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 Investment 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 Investment 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 Investment Advisers Act and Rule 206(4)-7 thereunder; (2) Section 206(3) of the Investment Advisers Act; (3) Section 206(2) of the Investment Advisers Act; and (4) Section 204A of the Investment 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. Feltl has advised the 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 Investment 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 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 6 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 and 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>

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.

REPORTS AND ADDITIONAL INFORMATION

Books and Records

During the term of the Asset Management Agreement, the Asset Manager will keep proper and complete records and books of account for the Property. These books and records will be kept at the Asset Manager's principal place of business at 2901 Butterfield Road, Oak Brook, Illinois 60523 and will be available to the Investors during reasonable business hours.

Tax Information

The Asset Manager will provide to the Investors, in time for each Investor to file his, her or its tax returns, all tax information concerning the Trust that is necessary for preparing the Investor's income tax returns for that year.

Additional Information

The Trust will answer inquiries concerning the Interests and other matters relating to the Offering. Also, the Trust will afford prospective Investors the opportunity to obtain any additional information (to the extent the 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

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FAYETTEVILLE STUDENT HOUSING DST

Investor Questionnaire & Purchase Agreement

Dear Investor:

We would like to take this opportunity to thank you for your interest in FAYETTEVILLE STUDENT HOUSING 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 FAYETTEVILLE STUDENT HOUSING 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 – FAYETTEVILLE STUDENT HOUSING 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:

Please email Broker Dealer Principal or RIA Principal Approvals to investments@inlandprivatecapital.com.

FAYETTEVILLE STUDENT HOUSING DST

Instructions to Investor Questionnaire & Purchase Agreement

Please read carefully the Private Placement Memorandum for the beneficial ownership interests (“**Interests**”) in **FAYETTEVILLE STUDENT HOUSING DST**, a Delaware statutory trust, (the “**Seller**”), dated November 11, 2019 (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 **FAYETTEVILLE STUDENT HOUSING 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 **FAYETTEVILLE STUDENT HOUSING 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: _____

ALL AUTHORIZED PERSONS MUST SIGN THIS PAGE.

SIGNATURE PAGE TO THE TRUST AGREEMENT OF FAYETTEVILLE STUDENT HOUSING 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 **FAYETTEVILLE STUDENT HOUSING DST**, dated October 8, 2019 (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 **FAYETTEVILLE STUDENT HOUSING 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 **FAYETTEVILLE STUDENT HOUSING DST** and hold **FAYETTEVILLE STUDENT HOUSING 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 **FAYETTEVILLE STUDENT HOUSING 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 **FAYETTEVILLE STUDENT HOUSING 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 **FAYETTEVILLE STUDENT HOUSING 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 **FAYETTEVILLE STUDENT HOUSING 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 **FAYETTEVILLE STUDENT HOUSING 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 FAYETTEVILLE STUDENT HOUSING DST

Up to \$35,578,407 of Interests

THIS PURCHASE AGREEMENT (the “**Purchase Agreement**”) is made by and between **FAYETTEVILLE STUDENT HOUSING DST**, a Delaware statutory trust (the “**Seller**”) and the undersigned, with reference to the facts set forth below.

RECITALS

A. The Seller will acquire and own the land and improvements located at 1319 South Hollywood Avenue, Fayetteville, Arkansas 72701 and commonly known as “Cottages on Hollywood,” as more particularly described on Exhibit A attached hereto.

B. The Seller is offering (the “**Offering**”) to sell to certain qualified, accredited investors pursuant to that certain private placement memorandum, dated November 11, 2019 (as amended and supplemented from time to time, the “**Private Placement Memorandum**”), beneficial ownership interests in the Seller (the “**Interests**”).

C. 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 \$355,784.07 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 “FAYETTEVILLE STUDENT HOUSING 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 and Closing 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 Seller has acquired the Property and obtained the Loan; (2) the Seller has entered into the Master Lease and assigned the**

Residential Leases to the Master Tenant; (3) the Seller has entered into the Asset Management Agreement; and (4) the Master Lease has entered into the Property Management, 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 not 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 Seyfarth Shaw LLP, as special tax counsel to the Seller, is only Seyfarth Shaw 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, 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 FAYETTEVILLE STUDENT HOUSING 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__

**FAYETTEVILLE STUDENT HOUSING DST, a
Delaware Statutory Trust**

By: Fayetteville Student Housing 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 Description

[SEE ATTACHED]

SAMPLE

EXHIBIT B

RENT ROLL

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Rent Roll
Fayetteville Student Housing DST
Cottages on Hollywood located in Fayetteville, Arkansas

Tenant	Approx. Leased SF	Date of Lease Commencement	Date of Lease Expiration	Renewal Options	Annual Rent During Lease Term	Rent PSF
Fayetteville Student Housing LeaseCo, L.L.C.	357,812	Acquisition of the Property and funding of the Loan	120 Months	Automatic Extension ¹	Base Rent: ²	
					2019 - 2029	\$1,879,445 \$5.25
					Additional Rent:	100% of Gross Income in excess of the Additional Rent Breakpoint. ³
					Maximum Additional Rent: ^{2, 3}	
					2019	\$1,250,000 \$3.49
					2020	\$1,287,500 \$3.60
					2021	\$1,296,700 \$3.62
					2022	\$1,296,800 \$3.62
					2023	\$1,296,900 \$3.62
					2024	\$1,300,400 \$3.63
					2025	\$1,297,100 \$3.63
					2026	\$1,349,700 \$3.77
					2027	\$1,731,800 \$4.84
					2028	\$1,731,900 \$4.84
					2029	\$1,732,100 \$4.84
					Supplemental Rent:	90% of Gross Income in excess of the Supplemental Rent Breakpoint. ⁴

Residential Rentable Area ⁵

Unit Type	% Units	No. Units	No. Beds	Average SqFt Per Unit	Total SqFt	Number Vacant (Beds)	Number Occupied (Beds)	Average Current Rent (Per Bed)
2 BR / 2 BA (Flat)	5.82%	11	22	1,296	14,256	5	17	\$775
2 BR / 2.5 BA (Townhome)	11.64%	22	44	1,296	28,512	1	43	\$775
3 BR / 3 BA (Flat)	4.23%	8	24	1,512	12,096	7	17	\$695
3 BR / 3.5 BA (Townhome)	8.47%	16	48	1,512	24,192	3	45	\$695
3 BR / 3 BA (Cottage)	4.76%	9	27	1,678	15,102	1	26	\$745
3 BR / 3 BA (Duplex)	6.35%	12	36	1,678	20,136	0	36	\$745
4 BR / 4.5 BA (Townhome)	8.47%	16	64	2,294	36,704	0	64	\$675
4 BR / 4.5 BA (Cottage)	21.16%	40	160	2,074	82,960	0	160	\$675
4 BR / 4.5 BA (Cottage)	19.05%	36	144	2,296	82,656	1	143	\$675
4 BR / 4.5 BA (Duplex)	6.35%	12	48	2,074	24,888	0	48	\$675
5 BR / 5.5 BA (Cottage)	3.70%	7	35	2,330	16,310	0	35	\$655

Total Leasable SF 357,812

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 \$4,070,000 for 2020 on an annualized basis).

⁴ The Supplemental Rent Breakpoint is set according to Exhibit C to the Master Lease (such breakpoint being \$5,357,500 for 2020 on an annualized basis).

⁵ As of November 1, 2019.

EXHIBIT C

OPINION OF SPECIAL TAX COUNSEL

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November 11, 2019

Fayetteville Student Housing DST
c/o Inland Private Capital Corporation
2901 Butterfield Road
Oak Brook, IL 60523

Ladies and Gentlemen:

You have requested our opinion (the “Opinion”) as to whether, for federal income tax purposes, an investor’s acquisition of a beneficial interest in Fayetteville Student Housing DST, a Delaware statutory trust described in Chapter 38 of Title 12 of the Delaware Code (the “Trust”), should be treated as an acquisition of a direct interest in the Real Estate (as defined below) for purposes of Section 1031 of the Internal Revenue Code of 1986, as amended (the “Code”).

Based on the relevant facts and applicable law, and subject to the qualifications discussed below, we conclude that, for federal income tax purposes, the acquisition by an investor (an “Investor”) of a beneficial interest in the Trust (an “Interest”) should be treated as a direct acquisition of an ownership interest in the Real Estate by the Investor for purposes of Code Section 1031. In reaching this conclusion and in evaluating the issues related thereto, we have not taken into account the possibility that a tax return will not be audited or that an issue will not be raised on audit.

A tax opinion rendered at a “should” level of confidence such as this Opinion involves a greater degree of certainty than a “more likely than not” opinion, but it is not a “will” opinion nor any guarantee of tax consequences. There can be no assurance that the Internal Revenue Service (the “IRS”) would agree with our conclusions, would not successfully challenge our conclusions upon audit, or would not prevail in their challenge if litigated.

In addition, qualification of a transaction pursuant to Code Section 1031 for an Investor involves issues based on numerous specific facts which are not and cannot be known to us; therefore, we give no opinion as to the ability of any Investor to effectuate a tax-deferred exchange of like-kind property under Code Section 1031. This Opinion addresses only one aspect of qualifying under Code Section 1031, *i.e.*, whether the acquisition of an Interest can be treated as a direct acquisition of an ownership interest in the Real Estate for purposes of Code Section 1031. We are not opining as to



Fayetteville Student Housing
DST
November 11, 2019
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whether some portion of the Real Estate may be “personal property” as opposed to “real property” for purposes of Code Section 1031, or as to whether any amounts paid by, or deemed paid by, the Investors with respect to certain costs or expenses of the offering, financing costs, and amounts paid to fund reserves will be deemed to constitute other consideration received in the exchange or the acquisition of real estate. Finally, this Opinion does not address any state, local, or non-United States income tax consequences, or any non-income tax consequences, of the transactions described herein.

In giving this Opinion, we have reviewed the following:

(i) the Trust Agreement of the Trust (the “Trust Agreement”), between The Corporation Trust Company, as co-trustee (the “Delaware Trustee”), Fayetteville Student Housing Exchange, L.L.C., a Delaware limited liability company that is an affiliate of Inland Private Capital Corporation, a Delaware corporation (the “Sponsor”), as co-trustee (the “Signatory Trustee”, and together with the Delaware Trustee, the “Trustees”), Fayetteville Student Housing, L.L.C., a Delaware limited liability company that is an affiliate of the Sponsor, as the initial beneficiary of the Trust (the “Depositor”), and the Investors;

(ii) the Purchase and Sale Agreement, dated August 26, 2019, as amended, between Inland Real Estate Acquisitions, LLC, a Delaware limited liability company that is an affiliate of the Sponsor, as buyer, and The Cottages on Hollywood, LLC, as seller, and the draft Assignment and Assumption of Purchase and Sale Agreement, by and between Inland Real Estate Acquisitions, LLC, as assignor, and the Signatory Trustee, as assignee, pursuant to which the Signatory Trustee, on behalf of the Trust, will acquire the land and improvements thereon located at 1319 South Hollywood Avenue, Fayetteville, Arkansas 72701 (the “Real Estate”);

(iii) the application letter, dated October 2, 2019, the Rate Lock Confirmation, and other loan documents (collectively, the “Loan Documents”) with respect to the anticipated loan (the “Loan”) from Berkeley Point Capital LLC d/b/a Newmark Knight Frank, as lender (the “Lender”), to the Trust, as borrower;

(iv) the draft master lease agreement (the “Master Lease”) between the Trust, as master landlord, and Fayetteville Student



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DST
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Housing LeaseCo, L.L.C., a Delaware limited liability company that is an affiliate of the Sponsor, as master tenant (the “Master Tenant”). The Master Tenant will sublease the Real Estate to residential tenants;

(v) the draft Asset Management Agreement between the Trust and Fayetteville Student Housing Exchange, L.L.C. in its individual capacity and not as the Signatory Trustee (in such capacity, the “Asset Manager”) pursuant to which the Trust will engage the Asset Manager to furnish advice and recommendations with respect to all aspects of the business and affairs of the Trust, including management of the Trust’s day-to-day operations and review of all performance and financial information related to the Real Estate;

(vi) the draft Property Management Agreement between the Master Tenant and Landmark Property Management, LLC, a Delaware limited liability company that is not affiliated with the Sponsor (the “Property Manager”, and together with the Asset Manager, the “Managers”);

(vii) the Private Placement Memorandum with respect to the Interests dated November 11, 2019 (the “Private Placement Memorandum”) (items (i) through (vii) are collectively referred to as the “Transaction Documents”);

(viii) applicable provisions of the Code, final, temporary and proposed Treasury Regulations promulgated thereunder, judicial decisions, Revenue Rulings and other interpretative releases of the IRS; and

(ix) such other materials and documents as we considered relevant.

Our Opinion is expressly based upon the following representations from the Sponsor: (i) there are no written or oral agreements, other than the Transaction Documents, or understandings inconsistent with or significant to the transactions contemplated herein, and any final Transaction Documents or final Private Placement Memorandum that were not final as of the date of our review will conform with the Transaction Document or Private Placement Memorandum drafts we have reviewed in all material respects; (ii) all payments anticipated to be made to the Trust, the Trustees, the Managers, and their affiliates will be at fair market value; (iii) the Master



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Lease will be a commercially reasonable and customary “triple net” lease; (iv) the Rent (as defined in the Master Lease) payable under the Master Lease will constitute fair market value rent for the Real Estate over the term of the Master Lease; (v) the Trust will make a substantial equity investment in the Real Estate, reasonably expects the Real Estate to have a substantial remaining economic useful life and residual value at the end of the Master Lease’s term (assuming exercise of all renewal terms), and reasonably expects to realize a substantial economic profit from the Master Lease and subsequent further leasing and/or disposition of the Real Estate apart from the value of tax benefits and net of any Disposition Fee (as defined below) payable to the Master Tenant; (vi) the Master Tenant will be acting as a principal for its own account and may reasonably be expected to realize a commercially reasonable profit from its lease and sublease of the Real Estate; (vii) the Trust and Master Tenant intend that the Master Lease will constitute a true lease and not a partnership, a joint venture, or a management, agency or nominee agreement; (viii) neither the Trust nor any Trustee, employee, agent or independent contractor of the Trust will provide any services to the Master Tenant or any subtenant; (ix) the Lender is not related to the Master Tenant or any affiliate thereof; (x) none of the Sponsor, the Trust, the Managers or any affiliate of any thereof has loaned or will loan to any Investor any of the funds necessary to acquire his, her or its Interest in the Trust or has guaranteed or will guarantee any indebtedness incurred by any Investor to acquire his, her or its Interest in the Trust; (xi) none of the Master Tenant, any subtenants, or any party related to any thereof holds any option to acquire any of the Real Estate; (xii) neither the Trust nor the Trustees has entered into or will enter into any agreement or understanding with any beneficiary of the Trust creating an agency or nominee relationship and neither the Trust nor the Trustees has been or will be represented as an agent or nominee of any beneficiary of the Trust in dealings with third parties; and (xiii) the Trust has not opted-out and will not opt-out of its status as a separate legal entity pursuant to Section 3810(a)(2) of the Delaware Statutory Trust Act.

In addition, in rendering this Opinion, we have, with your permission, assumed that: (i) the Interests will be acquired by the Investors directly from the Trust and the Depositor’s interest in the Trust will be reduced in proportion to the amount of such acquisitions; (ii) none of the Depositor, the Trust, the Managers, the Trustees, or any Investor has made or will make an election, or has taken or will take any other action, that would cause the Trust to be classified as an association taxable as a corporation or a partnership for

federal income tax purposes; (iii) the Transaction Documents (without modification) are, or will be, properly executed and delivered, and are, or will be, enforceable in accordance with their terms; (iv) all parties to the Transaction Documents will comply with all provisions of the Transaction Documents, and will take no action inconsistent with the Transaction Documents or any terms of this Opinion; (v) all transactions described in the Private Placement Memorandum have occurred or will occur as described in the Private Placement Memorandum; and (vi) neither the exchanged property nor the replacement property in any Code Section 1031 exchange involving the Trust is, or at any relevant time has been or will be, tax-exempt use property within the meaning of Code Section 470(e)(4)(A). We have further assumed the accuracy and completeness of all documents and records that we have reviewed, the genuineness of all signatures, the authenticity of the documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as pro forma or reproduced copies.

Capitalized terms which are not herein defined have the meanings ascribed to them in the Transaction Documents.

DELAWARE STATUTORY TRUST ACT

The Delaware Statutory Trust Act (“DSTA”) provides rules for trusts formed thereunder (“Delaware Statutory Trusts”). A Delaware Statutory Trust is an unincorporated association which is created by a trust agreement or other governing instrument under which property is or will be held, managed, administered, controlled, invested, reinvested and/or operated, or business or professional activities for profit are carried on or will be carried on, by a trustee or trustees or as otherwise provided in the governing instrument for the benefit of such person or persons as are or may become beneficial owners or as otherwise provided in the governing instrument. DSTA Section 3801(g).

A Delaware Statutory Trust is required to file a certificate of trust in the office of the Secretary of State of the State of Delaware. DSTA Section 3810(a)(1). Unless otherwise provided in its certificate of trust and in its governing instrument, a Delaware Statutory Trust is a separate legal entity. DSTA Section 3810(a)(2). Except in the case of a Delaware Statutory Trust that is a registered investment company under the Investment Company Act of 1940, as amended, a Delaware Statutory Trust shall at all times have at least one trustee which, in the case of a natural person, shall be a person who is a

Delaware resident or which, in all other cases, has its principal place of business in Delaware. DSTA Section 3807(a), (b). A Delaware Statutory Trust may sue and be sued, and the property of a Delaware Statutory Trust is subject to attachment and execution as if it were a corporation. DSTA Section 3804(a). Except to the extent otherwise provided in the governing instrument of a Delaware Statutory Trust, the beneficial owners shall be entitled to the same limitation of personal liability extended to stockholders of Delaware corporations. DSTA Section 3803(a).

Except to the extent otherwise provided in the governing instrument of a Delaware Statutory Trust, a beneficial owner shall have an undivided beneficial interest in the property of the Delaware Statutory Trust and shall share in the profits and losses of the Delaware Statutory Trust in the proportion (expressed as a percentage) of the entire undivided beneficial interest in the Delaware Statutory Trust owned by such beneficial owner. DSTA Section 3805(a). No creditor of the beneficial owner shall have any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the property of the Delaware Statutory Trust. DSTA Section 3805(b). No creditor of the trustee shall have any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the property of the Delaware Statutory Trust with respect to any claim against, or obligation of, such trustee in its individual capacity and not related to the Delaware Statutory Trust. DSTA Section 3805(g). Except to the extent otherwise provided in the governing instrument of a Delaware Statutory Trust, the death, incapacity, dissolution, termination, or bankruptcy of a beneficial owner or a trustee shall not result in the termination or dissolution of a Delaware Statutory Trust. DSTA Section 3808(b). Except to the extent otherwise provided in the governing instrument of a Delaware Statutory Trust, a Delaware Statutory Trust may acquire, by purchase, redemption, or otherwise, any beneficial interest in the Delaware Statutory Trust held by a beneficial owner of the Delaware Statutory Trust. DSTA Section 3818.

Pursuant to an agreement of merger or consolidation, a Delaware Statutory Trust may merge or consolidate with or into one or more Delaware Statutory Trusts or other business entities formed or organized or existing under the laws of the State of Delaware or any other State or the United States or any foreign country or other foreign jurisdiction, with such Delaware Statutory Trust or other business entity as the agreement shall provide being the surviving or resulting Delaware Statutory Trust or other business entity.

DSTA Section 3815(a). If the governing instrument of a Delaware Statutory Trust specifies the manner of authorizing a conversion of the Delaware Statutory Trust to another business entity, the conversion shall be authorized as specified in the governing instrument. DSTA Section 3821(a), (b).

RELEVANT PROVISIONS IN THE TRANSACTION DOCUMENTS

A. Trust Agreement

Article I provides in part that all interests in the Trust shall be of a single class.

Section 2.03 provides that the purposes of the Trust are: (i) to have the Signatory Trustee, on behalf of the Trust, acquire and own the Real Estate and any related personal property; (ii) to enter into or assume and comply with the terms of the Transaction Documents; (iii) to conserve, protect, manage and dispose of the Real Estate; and (iv) to take such other actions as the Trustees deem necessary or advisable to carry out the foregoing. Section 2.03 also provides that the Trust shall hold its property (the “Trust Property”) for investment purposes, that neither the Trustees, the Investors, nor their agents shall provide non-customary services with respect to the Real Estate, and that the Trust shall conduct no activities other than as specifically provided in Section 2.03.

Section 2.04 states that the Trustees are holding the Trust Property for the benefit of the Investors, subject to the obligations of the Trust under the Master Lease, the Loan Documents, and other relevant agreements. Section 2.04 further states that it is the intention of the parties to the Trust Agreement that the Trust constitute a “statutory trust” within the meaning of the DSTA, and that the Trust not constitute an agency, partnership, corporation, association or business trust for federal income tax purposes. Instead, the Investors shall be treated for federal income tax purposes as owning a direct interest in the Real Estate and other Trust Property and shall be obligated to report their Interest consistently with such characterization.

Section 2.05 prohibits the Trust from performing any act in contravention of, or constituting an event of default under, the Loan Documents, prohibits the Trust and the Trustees from taking certain actions without the Lender’s prior written consent, and requires the Trust and the Trustees to observe statutory formalities with respect to the administration of the Trust and in the conduct of the Trust’s activities and prepare separate financial statements.

Section 3.01 provides that any proposed assignment, pledge, encumbrance, or transfer, by the Investors of part or all of their Interests are subject to the prior consent of the Signatory Trustee and satisfaction of certain preconditions set forth in the Trust Agreement.

Article IV directs the Signatory Trustee to distribute all available cash to the Investors in accordance with their “Percentage” (as such term is defined in the Trust Agreement), only after paying debt service on the Loan and related expenses and retaining funds as required for a reasonable reserve as necessary to pay anticipated current and future ordinary Trust expenses. Undistributed cash may be invested only in short-term government obligations and in certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital. All such obligations must be held until maturity and must mature prior to distribution to the Investors.

Section 5.01(a) states that the Trust Agreement shall not impose a partnership or joint venture relationship, and the Investors shall not have any liability for debts or obligations of any other Investor, nor have authority to act on behalf of any other Investor with respect to the Trust Property.

Section 5.01(c) provides that, from and after such time as there is more than one Investor in the Trust, the Trust shall not constitute a business entity, but shall instead constitute an investment trust within the meaning of Treasury Regulation Section 301.7701-4(c) and a “grantor trust” within the meaning of Subpart E of Part 1, Subchapter J of the Code (Code Sections 671 *et seq.*).

Section 5.01(d) provides that the Signatory Trustee on behalf of the Trust and not the Investors shall have legal title to the Trust Property and the Trust Agreement shall not be terminated by reason of the bankruptcy, death or other incapacity of any Investors, or the transfer by any Investors of any interest in the Trust Property. In addition, Section 5.01(d) provides that the Investors shall not be liable for any liabilities or obligations of the Trust or the Trustees or for the performance of the Trust Agreement.

Section 5.02 provides that Investors do not have the right to demand or receive an in-kind distribution of Trust Property from the Trust.

Section 5.03 provides that any sale or conveyance of the Trust Property by the Signatory Trustee is binding on the Investors, and that the Signatory Trustee may not sell the Trust Property and acquire new real estate.

Section 5.04 provides that, except solely with respect to the selection of replacement Trustees in certain circumstances, the Investors have no right to make decisions for or to operate or manage the Trust.

Section 6.04 provides that the Trustees shall manage, control, dispose of or otherwise deal with the Trust Property, subject to the restrictions set forth in the Trust Agreement and the Loan Documents.

Section 7.01(e) provides that duties of the Signatory Trustee include holding bare legal title to the Real Estate on behalf of the Trust, for the sole and exclusive purpose of satisfying the Arkansas state law requirements that bare legal title to property owned by the Trust be held by a trustee of the Trust. Section 7.01(e) further provides that the Signatory Trustee shall hold only bare legal title to the Real Estate for purposes of compliance with Arkansas state law, shall not hold any ownership interest in the Real Estate for income tax purposes or for any other legal or equitable purpose other than for purposes of compliance with Arkansas state law and expressly disclaims any ownership or other interest (legal, equitable or otherwise) in the Real Estate other than such interest in bare legal title to such property as is strictly necessary to comply with Arkansas state law, it being understood and agreed that all interests in the Real Estate not specifically ascribed to the Signatory Trustee are reserved to and held by the Trust. Section 7.01(e) further provides that the Signatory Trustee will have all necessary powers it is required to have under Arkansas state law as holder of bare legal title of the Real Estate, including the power and the authority to execute documents with respect to the acquisition, financing, operation and conveyance of the Real Estate.

Section 7.02 authorizes the Signatory Trustee to take, or cause the Trust to take, all actions necessary to conserve and protect the Trust Property, including, but not limited to: (a) acquiring, owning, conserving, protecting, operating and selling the Trust Property; (b) entering into and/or assuming and complying with the terms of the Master Lease, the Loan Documents, and the other Transaction Documents; (c) collecting rents and making distributions to the Investors; (d) entering into agreements for purposes of completing tax-free exchanges of real property with a qualified intermediary as defined in Treasury Regulations under Section 1031 of the Code; (e) notifying the parties of any default in the Transaction Documents; (f) solely to the extent necessitated by the bankruptcy or insolvency of a tenant, renegotiating the Master Lease or entering into a new lease(s) with respect to the Real Estate or renegotiating or refinancing any debt secured by the Real



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Estate; (g) entering into the Asset Management Agreement with the Asset Manager; (h) notifying the Lender of any default under the Trust Agreement; (i) taking all actions provided for in Section 9.02 of the Trust Agreement; (j) consenting to the exercise of any right held by the Lender, or to any proposed modification of any agreement affecting the Real Estate (other than the Master Lease); provided, however, that any such obligation to the extent it exists may only be exercised to maintain the value of the Trust Property; and (k) taking any action which, in the reasoned opinion of tax counsel to the Trust, should not have an adverse effect on either the treatment of the Trust as an “investment trust” within the meaning of Regulations Section 301.7701-4(c) or any Investor as a “grantor” within the meaning of Code Section 671.

Section 7.03 prohibits the Trustees from taking the following actions, if the effect would be that such action or actions would constitute a power under the Trust Agreement to “vary the investment of the certificate holders” under Regulation Section 301.7701-4(c)(1) and Revenue Ruling 2004-86: (a) dispose of the Real Estate and acquire new real estate, or otherwise reinvest any monies except as provided in Section 4.02 of the Trust Agreement; (b) renegotiate the terms of the Loan, enter into new mortgage financing or renegotiate the Master Lease or enter into new leases except in the case of a tenant’s bankruptcy or insolvency; (c) make other than minor non-structural modifications to the Real Estate, other than as required by law; (d) accept any capital from the Investors or any new investor in the Trust except as provided for in the Private Placement Memorandum; or (e) take any other action which in the reasoned opinion of tax counsel to the Trust should be expected to cause the Trust to be treated as a “business entity” for federal income tax purposes.

Section 9.01 provides that the Trust will dissolve in accordance with Section 3808 of the DSTA, and that the Trust Property shall be distributed to the Investors at the earlier of (a) December 31, 2069, or (b) the sale or other disposition of the Real Estate; provided, however, that no such dissolution or winding up will occur so long as any obligation evidenced or secured by any of the Loan Documents remains outstanding and not discharged in full.

Section 9.02 provides that, notwithstanding Section 9.01, if: (1)(a) the Trust Property is in jeopardy of being foreclosed upon due to a default on the Loan; (b) the Trust Property or any portion thereof is subject to a casualty, condemnation or similar event that is not adequately compensated for through insurance or otherwise; or (c) the Signatory Trustee determines that



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the Investors are at risk of losing all or a substantial portion of their investment in the Trust; and (2) the Signatory Trustee is prohibited from taking actions to cure or mitigate such events by reason of the restrictions set forth in Section 7.03 of the Trust Agreement, then the Signatory Trustee shall take such actions as are described Section 9.03.

Under Section 9.03, if the circumstances described in Section 9.02 of the Trust Agreement apply and the Loan Documents prohibit a direct distribution of Trust Property to the Investors, the Signatory Trustee will: (a) terminate the Trust by converting it into (or otherwise affecting the transfer of the Trust Property to) a Delaware limited liability company (an “LLC”), which LLC shall acquire the Trust Property subject to the then outstanding obligations of the Trust under the applicable Loan Documents and the Master Lease and assume the Trust obligations under the applicable Loan Documents and the Master Lease, which assumption shall be evidenced by documents approved in writing by the Lender; (b) convert or exchange the Interests with the Investors for equivalent membership interests in the LLC in termination of the Trust; and (c) be designated as the manager of the LLC.

B. Master Lease

Section 1.1 provides that the initial term of the Master Lease will terminate 120 months from the date of the lease; provided, however, that for so long as any obligation remains outstanding under any of the Loan Documents, the term of the Master Lease shall automatically extend beyond the expiration date and shall continue in full force and effect thereafter until all such obligations have been fully performed and satisfied. Sections 1.1 and 20.1 provide that the Master Lease will terminate if the Real Estate is sold.

Section 1.6 provides that the Trust and the Master Tenant agree that the Master Lease is a “net lease” and a “true lease” and not a financing arrangement, joint venture, or management arrangement, and that the parties will reflect the transactions embodied in the Master Lease consistent with “true lease” treatment rather than “financing” or “partnership” treatment.

Section 2.1 and Exhibit C provide that the amount of rent payable for a year is equal to: (i) a base amount (the “Base Rent”) equal to debt service, including any reserves or reserve payments required by the Lender; (ii) an amount (the “Additional Rent”) equal to 100% of the Master Tenant’s gross income from the Real Estate between a specifically stated, annually escalating floor and a specifically stated, annually escalating ceiling; and

(iii) thereafter an additional amount (the “Supplemental Rent”) equal to 75% of Master Tenant’s gross income from the Real Estate that exceeds a higher specifically stated, annually escalating floor, calculated on a calendar year basis.

Section 3.1 provides that the Master Tenant will pay “Impositions” relating to real estate taxes and charges for public utilities and premiums for property insurance, which amounts may be adjusted from time to time depending on such Impositions and insurance premiums in amounts sufficient to pay the same when due.

Section 4.2(a) provides that the Master Tenant is required, at its own cost, to maintain the Real Estate and make repairs to it as and when needed.

Section 4.5 provides that the Trust is responsible for certain “Capital Expenditures”, which is defined in the Master Lease to include (i) repairs and replacements of the structure, foundation, roof, exterior walls, the parking lot, and improvements to the Real Estate for the benefit of Property tenants (including tenant improvements for building out space of Property Tenants), (ii) leasing commissions, (iii) certain hazardous substance costs, (iv) any repairs identified in the property condition assessment reports, or similar engineering reports, performed in connection with the acquisition of the Real Estate, (v) any insurance deductible, and (vi) other improvements to the Real Estate that would be considered capital expenses under the capitalization policy of the Sponsor, as related to the structure, foundation, roof, exterior walls, the parking lot and improvements to the Real Estate.

Article 6 provides that the Master Tenant shall obtain and maintain insurance in amounts and against risks consistent with insurance coverages obtained and maintained by owners of improved real property.

Section 17.1(b) provides that the Master Tenant may assign the Master Lease to any subsidiary or affiliate of the Master Tenant without prior consent of the Trust provided that the subsidiary or affiliate of the Master Tenant, in the Trust’s reasonable discretion, demonstrates a financial position equal to or greater than the Master Tenant and continues to be a subsidiary or affiliate of the Master Tenant for the term of the Master Lease.

Section 17.2(a) provides that the Master Tenant may sublet the whole or any portion of the Real Estate without prior written consent of the Trust provided

that the term of any sublease must terminate prior to the term of the Master Lease and so long as the subleases contain certain stated provisions.

Section 18.1 generally defines “Default” to include, among other things: (a) the failure by the Master Tenant to pay Base Rent when the same became due and payable; (b) the failure to pay any other Rent payable under the Master Lease, which failure is not cured within 10 days after notice; (c) the failure to comply with the other terms, covenants, or conditions of the Master Lease, which such failure is not cured within 30 days after the Master Tenant becomes aware or gains knowledge of the failure; (d) the leasehold demises shall be taken on execution or other process of law in any action against the Master Tenant; (e) the occurrence of certain bankruptcy-related events with respect to the Master Tenant, including but not limited to the filing by the Master Tenant of a voluntary bankruptcy petition (including any petition for reorganization, liquidation, dissolution or similar relief) or the adjudication of the Master Tenant as a bankrupt or insolvent; (f) if the Master Lease or any estate of Master Tenant shall be levied upon under any attachment or execution and such attachment or execution is not vacated within 120 days; (g) if Master Tenant causes or institutes any proceeding, or a final and nonappealable court order is issued, for the dissolution or termination of the Master Tenant; (h) if Master Tenant makes a general assignment for the benefit of creditors or takes any other similar action for protection or benefit of creditors; and (i) any material representation or warranty of the Master Tenant is inaccurate in any material respect.

Section 18.2 provides that if any “Default” occurs, the Trust shall have the option to pursue any one or more of the following remedies without any notice (except as otherwise specifically set forth in the Master Lease) or demand for possession whatsoever: (i) with ten days prior written notice, terminate the Master Lease, in which event Master Tenant shall immediately surrender the Real Estate to the Trust; (ii) with ten days prior written notice, terminate Master Tenant’s right to occupy and possess the Real Estate and re-enter and take possession of the Real Estate (without terminating the Master Lease); (iii) enter the Real Estate and do whatever Master Tenant is obligated to do under the terms of the Master Lease and Master Tenant agrees to reimburse the Trust on demand for any expenses which the Trust may incur in effecting compliance with Master Tenant’s obligations under the Master Lease, and Master Tenant further agrees that the Trust shall not be liable for any damages resulting to Master Tenant from such action, and

(iv) exercise all other remedies available to the Trust at law or in equity, including, without limitation, injunctive relief of all varieties.

Section 20.2 provides that the Master Tenant shall receive a disposition fee (the “Disposition Fee”) equal to 3% of the gross sales price of the Real Estate (the “Gross Sales Price”); provided, however, if the sale of the Real Estate 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 four percent (4.00%) of the Gross Sales Price; provided, further, that if the Gross Sales Price, reduced by the amounts used or incurred by the Trust to satisfy or to cause the buyer of the Real Estate to assume any indebtedness of the Trust related to the Real Estate in connection with such sale, is less than the aggregate offering price for interests in the Trust (as directly allocable to the Real Estate) as reflected in the Private Placement Memorandum (determined as if 100% of the Interests in the Trust were offered for sale to Investors), then there shall be no Disposition Fee payable to the Master Tenant or its affiliates.

TAX ANALYSIS

It is our opinion that, for federal income tax purposes, the acquisition by the Investors of the Interests should be treated as the direct acquisition by the Investors of the Real Estate for purposes of Code Section 1031.

The principal authority governing the treatment of interests in Delaware Statutory Trusts for purposes of Code Section 1031 is Revenue Ruling 2004-86, 2004-2 C.B. 191. As more fully described below, our conclusion as to the treatment of the Interests under Code Section 1031 is based largely on the similarity between the facts described in Revenue Ruling 2004-86 and the facts in respect of the Trust, and the Treasury Regulations and case law that form the basis for the revenue ruling.

Treatment of the Interests as Real Property for Purposes of Code Section 1031

Code Section 1031 provides that no gain or loss is recognized on the exchange of real property held for productive use in a trade or business or for investment if such property is exchanged solely for real property of like kind which is to be held either for the productive use in a trade or business or for investment.

Code Section 1031 does not apply to certain types of property, including personal property, stocks, bonds, notes, other securities or evidences of indebtedness or interest, partnership interests and certain trust interests. However, even though these types of interests do not qualify for like-kind exchange treatment, an exchange of such interests may still qualify under Code Section 1031, if the tax law disregards or looks through the legal form of ownership and treats the owner of the interests as directly owning real property underlying such 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 Code Section 1031 are satisfied, a taxpayer may exchange real property for a beneficial interest in a Delaware Statutory Trust such as the trust described in the ruling (the “DST”) in a tax-free exchange under Code Section 1031. The holding of Revenue Ruling 2004-86 is based on certain factual assumptions regarding the provisions of the trust agreement of the DST, although not all the facts described in the ruling are crucial to its holding. The facts as set forth in Revenue Ruling 2004-86 are as follows:

On January 1, 2005, A, an individual, borrows money from BK, a bank, and signs a 10-year note bearing adequate stated interest, within the meaning of § 483. On January 1, 2005, A uses the proceeds of the loan to purchase Blackacre, rental real property. The note is secured by Blackacre and is nonrecourse to A.

Immediately following A’s purchase of Blackacre, A enters into a net lease with Z for a term of 10 years. Under the terms of the lease, Z is to pay all taxes, assessments, fees, or other charges imposed on Blackacre by federal, state, or local authorities. In addition, Z is to pay all insurance, maintenance, ordinary repairs, and utilities relating to Blackacre. Z may sublease Blackacre. Z’s rent is a fixed amount that may be adjusted by a formula described in the lease agreement that is based upon a fixed rate or an objective index, such as an escalator clause based upon the Consumer Price Index, but adjustments to the rate or index are not within the control of any of the parties to the lease. Z’s rent is not contingent on Z’s ability to lease the property or on Z’s gross sales or net profits derived from the property.

Also on January 1, 2005, A forms DST, a Delaware statutory trust described in the Delaware Statutory Trust Act, Del. Code Ann. title 12, §§ 3801 - 3824, to hold property for investment. A contributes Blackacre to DST. Upon contribution, DST assumes A's rights and obligations under the note with BK and the lease with Z. In accordance with the terms of the note, neither DST nor any of its beneficial owners are personally liable to BK on the note, which continues to be secured by Blackacre.

The trust agreement provides that interests in DST are freely transferable. However, DST interests are not publicly traded on an established securities market. DST will terminate on the earlier of 10 years from the date of its creation or the disposition of Blackacre, but will not terminate on the bankruptcy, death, or incapacity of any owner or on the transfer of any right, title, or interest of the owners. The trust agreement further provides that interests in DST will be of a single class, representing undivided beneficial interests in the assets of DST.

Under the trust agreement, the trustee is authorized to establish a reasonable reserve for expenses associated with holding Blackacre that may be payable out of trust funds. The trustee is required to distribute all available cash less reserves quarterly to each beneficial owner in proportion to their respective interests in DST. The trustee is required to invest cash received from Blackacre between each quarterly distribution and all cash held in reserve in short-term obligations of (or 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 is permitted to invest only in obligations maturing prior to the next distribution date and is required to hold such obligations until maturity. In addition to the right to a quarterly distribution of cash, each beneficial owner has the right to an in-kind distribution of its proportionate share of trust property.

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The trust agreement provides that the trustee's activities are limited to the collection and distribution of income. The trustee may not exchange Blackacre for other property, purchase assets other than the short-term investments described above, or accept additional contributions of assets (including money) to DST. The trustee may not renegotiate the terms of the debt used to acquire Blackacre and may not renegotiate the lease with Z or enter into leases with tenants other than Z, except in the case of Z's bankruptcy or insolvency. In addition, the trustee may make only minor non-structural modifications to Blackacre, unless otherwise required by law. The trust agreement further provides that the trustee may engage in ministerial activities to the extent required to maintain and operate DST under local law.

On January 3, 2005, B and C exchange Whiteacre and Greenacre, respectively, for all of A's interests in DST through a qualified intermediary, within the meaning of § 1.1031(k)-1(g). A does not engage in a § 1031 exchange. Whiteacre and Greenacre were held for investment and are of like kind to Blackacre, within the meaning of § 1031.

Neither DST nor its trustee enters into a written agreement with A, B, or C, creating an agency relationship. In dealings with third parties, neither DST nor its trustee is represented as an agent of A, B, or C.

BK is not related to A, B, C, DST's trustee or Z within the meaning of § 267(b) or § 707(b). Z is not related to B, C, or DST's trustee within the meaning of § 267(b) or § 707(b).

The IRS's conclusions in Revenue Ruling 2004-86 were as follows:

- (1) The Delaware statutory trust described above is an investment trust, under § 301.7701-4(c), that will be classified as a trust for federal tax purposes.
- (2) A taxpayer may exchange real property for an interest in the Delaware statutory trust described above without

recognition of gain or loss under § 1031, if the other requirements of § 1031 are satisfied.

The IRS noted that, under the facts of Revenue Ruling 2004-86, if the DST's trustee had the power to do one or more of the following acts, it would be classified as a partnership or other business entity for federal income tax purposes:

- (i) dispose of Blackacre and acquire new property; (ii) renegotiate the lease with Z or enter into leases with tenants other than Z; (iii) renegotiate or refinance the obligation used to purchase Blackacre; (iv) invest cash received to profit from market fluctuations; or (v) make more than minor non-structural modifications to Blackacre not required by law.

In addition, the DST would not have qualified as an "investment" trust had it been able to (a) accept additional contributions of new cash or assets from existing or new owners, or (b) invest reserves and cash in investments other than short term government obligations, certificates of deposit or interest bearing accounts that are held to maturity and that mature prior to the distribution of cash to the DST's owners.

Various facts in Revenue Ruling 2004-86 in our view are not determinative of the outcome, including (a) that Blackacre was subject to the note and lease prior to being contributed to the DST, (b) that each owner had a right to an in-kind distribution of the DST's property, and (c) that the persons who acquired interests in the DST acquired their interests indirectly from the original owner of the DST, rather than the DST itself.

In determining whether an Investor's acquisition of an Interest "should" be treated as the direct acquisition of an interest in the Real Estate for purposes of Code Section 1031, we analyze below in light of all relevant authorities: (i) the Trust's classification as an entity separate from the Investors (and not as an agency arrangement) for federal income tax purposes; (ii) the Trust's classification as an "investment trust" (and not as a business entity) for federal income tax purposes; (iii) whether the Master Lease constitutes a true lease for federal income tax purposes; (iv) the Trust's classification as a "grantor trust" for federal income tax purposes; and (v) the treatment of the Investors as holding direct interests in the Real Estate for federal income tax purposes.

1. Classification of the Trust as an Entity Separate from the Investors for Federal Income Tax Purposes

Under Treasury Regulation Section 301.7701-1(a)(1), whether an organization is an entity separate from its owners for federal 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. Revenue Ruling 2004-86 states that, generally, when participants in a venture form a state law entity and avail themselves of the benefits of that entity for a valid business purpose, such as investment or profit, and not for tax avoidance, the entity will be recognized for federal income tax purposes.

Whether the Trust is treated as an entity separate from the Investors for federal income tax purposes depends upon its treatment under local law and the nature of the relationships created among the parties to the Trust pursuant to the Trust Agreement.

In Revenue Ruling 2004-86, after describing certain relevant provisions of the Delaware Statutory Trust Act, and after observing that the DST was “formed for investment purposes”, the IRS concluded that the DST was an entity for federal income tax purposes. We believe that the Trust is substantially similar to the DST described in Revenue Ruling 2004-86. First, and most importantly, both the DST and the Trust are Delaware Statutory Trusts, subject to the provisions of the Delaware Statutory Trust Act. The Trust has not opted out of its status as a separate legal entity under the Delaware Statutory Trust Act. Second, Section 2.03 of the Trust Agreement provides that one of the purposes of the Trust is to hold the Real Estate for investment purposes. This provision of the Trust Agreement is consistent with the purpose of the DST in Revenue Ruling 2004-86 (*i.e.*, “to hold property for investment”). Third, Sections 5.01(a) and 5.01(d) of the Trust Agreement provide that the Investors are not liable for any liabilities or obligations of other Investors, the Trust or the Trustees or for the performance of the Trust Agreement. Fourth, consistent with the DST’s trust agreement, the Trust Agreement does not purport to create an agency relationship. In addition, the Sponsor has represented that neither the Trust nor the Trustees has entered into or will enter into any agreement or understanding with any beneficiary of the Trust creating an agency or nominee relationship and neither the Trust nor the Trustees has been or will be represented as an agent or nominee of any beneficiary of the Trust in dealings with third parties. Accordingly, the Trust should be respected as an entity separate from the Investors for federal income tax purposes.

2. Classification of the Trust as an “Investment” Trust Rather than as a Business Entity for Federal Income Tax Purposes

In general, an organization constitutes a trust for tax purposes if it is an arrangement whereby trustees take title to property for the purpose of protecting or conserving it for the beneficiaries. Generally speaking, an arrangement will be treated as a trust for tax purposes if 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 that responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit. Treasury Regulation Sections 301.7701-1(a)(1), (b), 4(a).

There are other arrangements which are known as trusts because the legal title to property is conveyed to trustees for the benefit of beneficiaries, but which are not classified as trusts for tax purposes because they are not simply arrangements to protect or conserve the property for the beneficiaries. These trusts, which are often known as business or commercial trusts, generally are created by the beneficiaries simply as a device to carry on a profit-making business which normally would have been carried on through business organizations that are classified as corporations or partnerships for tax purposes. The fact that the corpus of such a trust is not supplied by the beneficiaries is not sufficient reason in itself for classifying the arrangement as an ordinary trust rather than as a corporation or a partnership for tax purposes. The technical casting of an organization in trust form, by conveying title to property to trustees for the benefit of persons designated as beneficiaries, will not change the real character of the organization if the organization is more properly classified as a corporation or a partnership for tax purposes. Treasury Regulation Section 301.7701-4(b).

An investment trust will not be classified as a trust if there is a power under the trust agreement to vary the investment of the certificate holders. An investment trust with a single class of ownership interests, representing undivided beneficial interests in the assets of the trust, will be classified as a trust for tax purposes if there is no power under the trust agreement to vary the investment of the certificate holders. An investment trust with multiple classes of ownership interests ordinarily will be classified as a corporation or a partnership for tax purposes. An investment trust with multiple classes of ownership interests will be classified as a trust for tax purposes, however, if the trust is formed to facilitate direct investment in the assets of the trust and the existence of multiple classes of ownership interests is incidental to that

purpose and if there is no power under the trust agreement to vary the investment of the certificate holders. Treasury Regulation Section 301.7701-4(c).

The DST in Revenue Ruling 2004-86 was held to be an “investment” trust and not a business entity. The courts and the IRS have considered the distinctions between an “investment” trust and a business entity on several other occasions.

In *Commissioner v. Chase National Bank*, 122 F. 2d 540 (2d Cir. 1941), a depositor transferred “units” consisting of the common stock of a number of corporations to a trust, and then sold those trust certificates 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 IRS argued that the trust was taxable as a corporation for federal income tax purposes. The court rejected the IRS’s argument, holding that because the trust agreement required the trust property “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”, the trust was prevented from becoming more than a “strict investment” trust. *Id.* at 543.

In *Commissioner v. North American Bond Trust*, 122 F. 2d 545 (2d Cir. 1941), *cert. denied*, 314 U.S. 701 (1942), an opinion issued by the Second Circuit on the same day that it issued the *Chase National Bank* opinion, the court reached a different conclusion regarding the treatment of a trust for federal income tax purposes. In contrast to the terms of the trust instrument in the *Chase National Bank* case, the terms of the trust instrument in *North American Bond Trust* accorded the depositor with the power “to take advantage of market variations to improve the investments of even the first investors.” *Id.* at 546. This power arose in two ways. First, in making up new units, the depositor was not confined to the same bonds he had selected for the previous units. Second, 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 which would in turn reduce the existing certificate holders’ interests in the old bond issues. 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...” (*Id.*), and accordingly that the trust was an association taxable as a corporation.

Revenue Ruling 75-192, 1975-1 C.B. 384, concerned a trust agreement that required the trustee to invest cash on hand between quarterly distribution dates in short term government obligations or in certificates of deposit issued by banks with minimum stated surplus and capital that mature prior to the following distribution date. The IRS concluded that, because the trust agreement restricted the trustee to a fixed return similar to that earned on a bank account, there was no opportunity to profit from market fluctuations. Accordingly, the power to invest in short term instruments described in Revenue Ruling 75-192 is not a power to vary a trust’s investment.

In Revenue Ruling 79-77, 1979-1 C.B. 448, the IRS ruled that a trust formed to hold real property was an ordinary trust under Treasury Regulation Section 301.7701-4(a) and a “grantor trust” within the meaning of Subpart E of Subchapter J, Chapter 1 of the Code (*i.e.*, Code Section 671 *et seq.*), and not a “business entity” within the meaning of Treasury Regulation Section 301-7701-4(b) (*e.g.*, a partnership or an association taxable as a corporation), where the trustee’s duties were limited to the following: (i) holding title to real estate; (ii) at the direction of the beneficiaries, signing a 20-year “triple net” lease (with renewal options) for the real estate; (iii) enforcing the lease; (iv) signing such other agreements as are approved by the beneficiaries; (v) approving minor alterations to the real estate; and (vi) distributing net income of the trust to the beneficiaries on a quarterly basis.¹

In other situations, however, the IRS has determined that an arrangement formed to hold real estate was properly classified as a business entity. For example, in Revenue Ruling 78-371, 1978-2 C.B. 344, the heirs to certain real estate established a trust and transferred to the trust real estate subject to

¹ See also Private Letter Ruling 9352008 (September 29, 1993), in which the IRS ruled that an ownership interest in real estate should be respected as such for tax purposes and not recharacterized as a partnership interest where the real estate was subject to a triple net lease: “mere co-ownership of an interest in real property without providing more than the customary services of maintenance and repair and collecting of rents will not render a co-ownership a partnership . . . [The real estate] is already subject to a net lease, under which the lessee is responsible to pay all insurance premiums, general real estate taxes and special assessments, most of the utility expenses and a significant portion of the repair costs . . . Therefore, co-ownership of [the real estate] . . . is not, in and of itself, a partnership.”

a net lease. The trust agreement expressly authorized the trustees to acquire additional real estate, to sell assets of the trust, to invest such sales proceeds in certain types of financial products, to borrow money, to mortgage and lease the trust property, and to build or remove improvements from the trust property without the knowledge or consent of the owners of the trust. The IRS concluded that the trustee's power to engage in extensive real estate operations and to invest the sales proceeds in financial products indicated that the trust was not formed merely to protect and conserve the trust's property and ruled that the trust was taxable as a corporation.

Revenue Ruling 78-371 may be contrasted with Revenue Ruling 75-374, 1975-2 C.B. 261. In this ruling, the IRS addressed the level of joint business activity that would cause co-owners of real estate to be viewed as partners for tax purposes. The co-owners of an apartment project hired an unrelated management company to manage the apartment project; the management company negotiated and executed the leases for the apartment units, collected rents and other payments from tenants, and paid taxes, assessments and insurance premiums relating to the project. The management company performed (i) all services customarily performed in connection with the maintenance and repair of the apartment project (such as providing heat, air conditioning, hot and cold water, unattended parking, normal repairs, trash removal and cleaning of service areas), and (ii) certain additional services such as attended parking, gas, electricity and other utilities. Customary tenant services were furnished by the management company to the tenants at no additional charge above the basic rental payments. The management company paid the costs incurred in providing the additional services and retained the charges paid by the tenants. The ruling concluded that the co-owners were not partners for tax purposes because the furnishing of customary services in connection with maintenance and repair did not render the co-ownership a partnership. The IRS also found that the management company was not an agent of the co-owners because the co-owners did not share any of the profits realized from the rendition of the non-customary additional services by the management company. Based on IRS's conclusions in Revenue Ruling 75-374, Revenue Ruling 78-371 should not be applicable to situations in which owners of real estate (whether direct or indirect) share only in the proceeds from customary services provided to tenants.

We believe that the arrangements provided for under the Trust Agreement and the Master Lease are similar to the arrangements described in *Chase*

National Bank and Revenue Rulings 2004-86, 79-77, 75-192, and 75-374, and are distinguishable from the arrangements discussed in *North American Bond Trust* and Revenue Ruling 78-371. The Trust satisfies the “one class of interests” requirement because Article I of the Trust Agreement expressly states that the Interests in the Trust shall be of a single class. Section 2.03 of the Trust Agreement provides that one of the purposes of the Trust is to hold the Real Estate for investment purposes and that neither the Trustees, the Investors, nor their agents shall provide non-customary services with respect to the Real Estate. Section 2.04 of the Trust Agreement states that (i) the Trustees are holding the Trust Property for the benefit of the Investors, subject to the obligations of the Trust; (ii) it is the intention of the parties to the Trust Agreement that the Trust constitute a “statutory trust” within the meaning of the DSTA, and that Trust not constitute an agency, partnership, corporation, association or business trust for federal income tax purposes; and (iii) the Investors shall be treated for federal income tax purposes as owning a direct interest in the Real Estate and other Trust Property and shall be obligated to report their Interest consistently with such characterization. Article IV of the Trust Agreement (1) directs the Signatory Trustee to distribute all available cash to the Investors in accordance with their “Percentage” after paying debt service on the Loan and related expenses and retaining funds as required for a reasonable reserve as necessary to pay anticipated current and future ordinary Trust expenses, and (2) requires undistributed cash to be invested only in short-term government obligations and in certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital. Section 5.01(c) of the Trust Agreement provides that from and after such time as there is more than one Investor in the Trust, the Trust shall not constitute a business entity, but shall instead constitute an investment trust within the meaning of Treasury Regulation Section 301.7701-4(c). Section 7.03 of the Trust Agreement prohibits the Trustees from taking certain specified actions, if the effect would be that such action or actions would constitute a power under the Trust Agreement to “vary the investment of the certificate holders” under Regulation Section 301.7701-4(c)(1) and Revenue Ruling 2004-86. The Master Lease is a net lease and, pursuant to the Trust Agreement, the Master Lease may not be renegotiated unless the Master Tenant become bankrupt or insolvent.

We have considered differences between the facts in respect of the Trust and the facts of Revenue Ruling 2004-86.

A first potentially meaningful difference between the facts in respect of the Trust and the facts of Revenue Ruling 2004-86 is that Sections 9.02 and 9.03 of the Trust Agreement direct the Signatory Trustee to terminate the Trust by converting it into an LLC and to convert the Interests into membership interests in the LLC in certain limited circumstances specifically described therein, which are outside the control of the Signatory Trustee and which generally relate to the occurrence of events that threaten the Real Estate and that cannot be addressed by the Signatory Trustee due to the tax law limitations imposed on the actions of the Trust. We do not believe that the potential to convert the Trust to an LLC under these circumstances should compromise the status of the Trust as an investment trust prior to an actual conversion, if any.

A second potentially meaningful difference between the facts with respect to the Trust and the facts of Revenue Ruling 2004-86 is that the Sponsor expects to execute a guaranty agreement (the “Carve-Out Guaranty”) and the Trust expects to execute an environmental indemnity (the “Environmental Indemnity”) and, together with the Carve-Out Guaranty, the “Guaranty”) with the Lender, pursuant to which the Sponsor will guarantee certain obligations with respect to the Loan in the event certain acts occur that are within the control of the Sponsor or the Trust, and the Trust will indemnify Lender against losses arising out of certain environmental liabilities. We do not believe that the Carve-Out Guaranty should be treated as creating a partnership for income tax purposes between the Trust (or the Investors) and the Sponsor or should otherwise be treated as compelling additional capital to be contributed to the Trust in the event the Guaranty is triggered. *Compare*, CCA 201606027 (Oct. 23, 2015) *and* AM 2016-001 (March 31, 2016).

A third potentially meaningful difference between the facts in respect of the Trust and the facts of Revenue Ruling 2004-86 is that Section 7.01(c) of the Trust Agreement provides that the Signatory Trustee (rather than the Trust) will hold bare legal title to the Real Estate. This structure is in place for the sole and exclusive purpose of satisfying certain Arkansas state law requirements that are resolved if bare legal title to property beneficially owned by a trust is held by a trustee of the trust. The Trust Agreement makes clear that the Signatory Trustee will hold such bare legal title for the benefit of the Trust, and that the Signatory Trustee disclaims any tax, legal, or equitable interest in the Real Estate other than such interest in bare legal title to the Real Estate as is necessary to satisfy Arkansas state law. In our view,

this arrangement has no meaningful impact on the beneficial ownership of the Real Estate for legal or tax purposes, and the Real Estate should be treated as beneficially owned by the Trust (and thus, in turn, by the Investors for tax purposes) and not by the Signatory Trustee. Furthermore, such “trustee-as-titleholder” arrangements are expressly contemplated in the Treasury Regulations underlying the classification of fixed investment trusts.² Accordingly, this arrangement has no impact on our opinion that an Interest should be treated as a direct interest in all of the Real Estate for purposes of Code Section 1031.

A fourth potentially meaningful difference between the facts in respect of the Trust and the facts of Revenue Ruling 2004-86 is that the Signatory Trustee is related to the Master Tenant within the meaning of Code Sections 267(b) or 707(b) whereas in Revenue Ruling 2004-86 there was an explicit assumption that the tenant was not related within the meaning of Code Sections 267(b) or 707(b) to any owner or manager of the trust. Be that as it may, the Signatory Trustee, as a trustee of the Trust, has fiduciary duties to the beneficiaries of the Trust (*i.e.*, the Investors) and the Signatory Trustee’s role as the signatory trustee of the Trust is essentially ministerial. Accordingly, the relationship between the Signatory Trustee and the Master Tenant does not adversely affect our opinion that an Interest should be treated as a direct interest in all of the Real Estate for purposes of Code Section 1031.

The differences described above should not affect the classification of the Trust as an investment trust under Treasury Regulation Section 301.7701-4(c)(1) because they do not cause the Trust to have more than a single class of ownership interests and do not create a power to vary the investment of the Investors during the term of the Trust.

3. Characterization of the Master Lease for Federal Income Tax Purposes

If the Master Lease is not a true lease for federal income tax purposes, then an Interest would not be eligible for a Code Section 1031 exchange because the Investors would not be the tax owners of the Real Estate. If the Master Lease constitutes a partnership agreement for tax purposes, then an Interest in the Trust would also not be eligible for a Code Section 1031 exchange

² See, Treasury Regulation Section 301.7701-4(c)(2), Example (2) (trust classified as a trust where the “trustee holds bare legal title to the ... pool for the benefit of the certificate holders”).

because partnership interests cannot be exchanged for real property on a tax-free basis. If the Master Lease constitutes a contract under which the Master Tenant manages the Real Estate on behalf of the Trust, then the Trust would not be simply conserving and protecting the Trust estate but rather would be engaged in a business such that the Trust would not constitute a fixed investment trust and the Investors would again not be the tax owners of the Real Estate.

For the reasons discussed below, in our view the Master Lease should be respected as a true lease and not recharacterized as a partnership agreement or a management contract for federal income tax purposes.

A. The Master Lease Should be Respected as a True Lease

In 1939, the Supreme Court in *Helvering v. F&R Lazarus & Co.* established that tax ownership in a lease transaction is not determined by the location of title or by the nomenclature adopted by the parties to the transaction: “In the field of taxation, administrators of the laws and the courts are concerned with substance and realities, and formal written documents are not rigidly binding.” Thus, as in other areas of the tax law, substance takes priority over form. In the context of a lease, the fundamental issue is whether, taking into account all the facts and circumstances, the lessor has sufficient benefits and burdens of ownership to be respected as the owner of the leased property for tax purposes, or whether the lessor is in substance a conditional seller, a lender, a holder of an option, some other type of participant in the transaction, or perhaps an accommodation party rather than a real participant in the transaction. *Helvering v. F&R Lazarus & Co.*, 308 U.S. 252, 255 (1939) (lessee is tax owner).

In 1978, the Supreme Court revisited the true lease issue in *Frank Lyon Company v. Commissioner*: “we hold that where, as here, 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. Expressed another way, so long as the lessor retains significant and genuine attributes of the traditional lessor status, the form of the transaction adopted by the parties governs for tax purposes.” *Frank Lyon Company v. Commissioner*, 435 U.S. 561, 583-84 (1978) (lessor is tax owner).

Both before and after the Supreme Court decisions, the IRS and the courts have considered the true lease issue. It is fair to conclude from the various cases and rulings that the principal aspect of a true lease for tax purposes is the availability to the lessor of a substantial anticipated residual value at the end of the lease term in underlying property in which the lessor has made a substantial equity investment, the enjoyment of which is subject to market forces and conditions, and the opportunity of the lessor, by realizing such residual value, to achieve a substantial economic profit from the lease transaction apart from the value of tax benefits. *See generally*, Michael G. Robinson and William A. Macan IV, “Tax Considerations”, Chapter 3 of Ian Shrank and Arnold G. Gough, Jr. (eds), *Equipment Leasing - Leveraged Leasing* (5th ed. 2014); *see also*, Rev. Proc. 2001-28, 2001-1 C.B. 1156 (IRS advance ruling guidelines for leveraged lease transactions).

The Master Lease is styled as a lease. The Master Lease will grant the right to possession and use of the Real Estate to the Master Tenant for a term of years. The Trust will have lessor remedies such as repossession of the Real Estate in the case of an uncured event of default. The Sponsor has represented that the Trust will make a substantial equity investment in the Real Estate, reasonably expects the Real Estate to have a substantial residual value at the end of the Master Lease term, and reasonably expects to realize a substantial economic profit from the Master Lease and subsequent further leasing or disposition of the Real Estate apart from the value of tax benefits and net of any Disposition Fee payable to the Master Tenant. We note in particular that neither the Master Tenant nor any other person or entity has any option to purchase the Real Estate from the Trust.

Accordingly, in our view the Master Lease should be respected as a true lease for federal income tax purposes, with the result that the Master Tenant should not be treated as the owner of the Real Estate for tax purposes.

B. The Master Lease Should Not be Recharacterized as a Partnership Agreement

The rent reserved to the Trust under the Master Lease includes a fixed payment, plus a margin, plus a 75% share of the gross revenues of the Master Tenant in excess of a stipulated baseline amount. Such features raise the question of whether, for tax purposes, the Trust and the Master Tenant are in partnership with respect to the Real Estate.

The term “partnership” is defined in Code Sections 7701(a)(2) and 761(a) to include a syndicate, group, pool, joint venture, or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not properly classified for tax purposes as a corporation, trust, or estate. After promulgation of the so-called “check-the-box” Regulations in 2008, the substance of any business arrangement involving two or more participants must be examined to determine whether it rises to the level of an organization that is recognized as an entity separate from the participants for tax purposes. *See also*, Treasury Regulation Section 301.7701-2(c)(1) (the term “partnership” means a business entity that is not a corporation and that has at least two members).

An organization need not be an entity under applicable non-tax law to constitute a business entity in a tax sense. Thus, an economic relationship governed by a contract that does not create a juridical entity under local law, such as the relationships created by the Master Lease, may constitute an organization that rises to the level of an entity for purposes of the check-the-box Regulations. A contractual arrangement will create a separate entity for federal income tax purposes and will constitute a business entity potentially classifiable as a partnership for tax purposes “if the participants carry on a trade, business, financial operation, or venture and divide the profits therefrom.” Treasury Regulation Sections 301.7701-1(a)(1), (2), -2(a).

At some point sharing in gross revenues above a threshold may amount to sharing in net income, especially where the sharing is without a ceiling that limits the participation in revenues. Moreover, the Master Tenant could be viewed as sharing in the residual value of the Real Estate to the extent of the Disposition Fee under the Master Lease. Be that as it may, the Master Lease is a grant of the right to possession and use of the Real Estate for a term of years, which is the classic indicia of a lease. The Disposition Fee will be limited to a maximum of 3% of the Gross Sales Price. The Master Tenant has not contributed and will not contribute capital to a joint venture with the Trust (rent not in our view being fairly characterized as contributed capital), the Master Tenant will not share in any losses of the Trust, rent will be payable to the Trust even if the Master Tenant is operating at a loss, the Trust will not share in the management of the Real Estate during the term of the Master Lease, and the Master Tenant will not be held out to taxing authorities or third parties as a partner with the Trust. In addition, the Sponsor has represented that the Trust and Master Tenant intend that the Master Lease will constitute a true lease and not a partnership or joint venture agreement.

Moreover, the Master Lease will expressly provide that the parties thereto agree that the Master Lease is a true lease and not a partnership or joint venture agreement.

On balance, we believe that the Trust and the Master Tenant will have separate profit motives rather than a joint profit motive, and that the Master Tenant will not be engaged in carrying on a trade or business in partnership with the Trust with a view to dividing the profits therefrom within the meaning of the check-the-box Regulations. Accordingly, in our judgment the Master Lease should not be recharacterized as a partnership agreement for federal income tax purposes. *See generally*, William S. McKee, William F. Nelson, Robert L. Whitmire, Gary R. Huffman and James P. Whitmire, *Federal Taxation of Partnerships and Partners* (4th ed. 2007 and 2019 Cum. Supp. No. 3), at para. 3.02, 3.04, 3.05; *see also*, *Commissioner v. Tower*, 327 U.S. 280 (1946); *Commissioner v. Culbertson* 337 U.S. 733 (1949); *Luna v. Commissioner*, 42 T.C. 1067 (1964); *Bussing v. Commissioner*, 88 T.C. 449 (1987), *supplemental opinion*, 89 T.C. 1050 (1987).

C. The Master Lease Should Not be Recharacterized as a Management Contract

If the Master Tenant were recharacterized for tax purposes as a manager of the Real Estate hired by the Trust, then the Trust could be treated as being engaged in an active real estate business and not as a mere passive investor in real estate subject to a long-term net lease. In that event, the Trust would be classified as a corporation or partnership rather than a trust for tax purposes, and the Interests would not be treated as real property potentially eligible for like-kind exchange treatment under Code Section 1031.

The Trust will grant to the Master Tenant the right to possession and use of the Real Estate for a term of years. The Sponsor has represented that the rent payable under the Master Lease will constitute fair market value rent. Having ceded the right to possession and use of the Real Estate to the Master Tenant, the Trust and its Trustees will not control or have the right to control the day-to-day operations of the Real Estate. Rather, the operations of the Real Estate, including the maintenance thereof, and the collection of rents from tenants, will be handled by the Property Manager under the Property Management Agreement. The Master Tenant and not the Trust will be a party to the Property Management Agreement, and so the Master Tenant and not the Trust will hire agents or independent contractors to utilize the Real Estate on its behalf to run a commercial leasing business. In addition, and

consistent with the foregoing, the Sponsor has represented that the Trust and Master Tenant intend that the Master Lease will constitute a true lease and not a management, agency, or nominee agreement. And the parties thereto will expressly agree therein that the Master Lease is a true lease and not a management agreement. In addition, the Sponsor has represented that the Master Tenant will be acting as a principal for its own account and may reasonably be expected to realize a commercially reasonable profit from its lease and sublease of the Real Estate.

Accordingly, the Master Lease should be respected as a true lease and not recharacterized as a management, agency, or nominee agreement for federal income tax purposes. *See*, Code Section 7701(e) (a contract which purports to be a service contract shall be treated as a lease of property if such contract is properly treated as a lease of property taking into account all relevant facts including physical possession of the property, control of the property, and the relationship of the contract price to the rental value of the property); *Meagher v. Commissioner*, 36 T.C.M. 1091 (1977) (management contract respected as such and not recharacterized as lease); *McNabb v. Commissioner*, 47 AFTR 2d 81-513 (W.D. Wash. 1980) (agreement constituted lease rather than management contract); *Amerco v. Commissioner*, 82 T.C. 654 (1984) (leases respected as such and not recharacterized as agency agreements).

4. Classification of the Trust as a “Grantor Trust” for Federal Income Tax Purposes

Under Code Section 671 *et seq.*, where a grantor is treated as the owner of any portion of a trust (commonly referred to as a “grantor trust”), the grantor takes into account for federal income tax purposes the income and deductions which are attributable to that portion of the trust. A grantor trust includes an organization that is properly classified as a trust for federal income tax purposes if the income of the organization may be distributed or held or accumulated for future distribution to the grantor in the discretion of the grantor or a nonadverse party or without the approval or consent of an adverse party. For this purpose, an adverse party is any person having a substantial beneficial interest in the trust which would be adversely affected by the exercise or nonexercise of a power which he possesses respecting the trust. A nonadverse party is any person who is not an adverse party.

A grantor includes any person to the extent such person either creates a trust, or directly or indirectly makes a gratuitous transfer of property to a trust. A

grantor also includes any person who acquires any interest in a trust from a grantor of the trust if the interest acquired is an interest in an investment trust. Treasury Regulation Section 1.671-2(e)(1), (3).

Like the DST in Revenue Ruling 2004-86, the Trust satisfies the Code requirements for qualification as a grantor trust. Section 2.04 of the Trust Agreement provides that the Investors shall be treated for federal income tax purposes as owning a direct interest in the Real Estate and other Trust Property and shall be obligated to report their Interests consistently with such characterization. Article IV of the Trust Agreement (1) directs the Signatory Trustee to distribute all available cash to the Investors in accordance with their “Percentage” after paying debt service on the Loan and related expenses and retaining funds as required for a reasonable reserve as necessary to pay anticipated current and future ordinary Trust expenses, and (2) requires undistributed cash to be invested only in short-term government obligations and in certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital. Section 5.01(c) of the Trust Agreement provides that from and after such time as there is more than one Investor in the Trust, the Trust shall not constitute a business entity, but shall instead constitute a “grantor trust” within the meaning of Subpart E of Part 1, Subchapter J of the Code (Code Sections 671 *et seq.*).

The Trust is a grantor trust because its income is distributed or held for distribution to the Investors without the consent or approval of an adverse party.

5. Treatment of the Investors as Directly Holding Interests in the Real Estate for Federal Income Tax Purposes

Section 671 of the Code provides that where a grantor is treated as the owner of any portion of a trust, there shall then be included in computing the taxable income of the grantor those items of income and deductions of the trust which are attributable to that portion of the trust to the extent that such items would be taken into account in computing taxable income of an individual. Under Code Section 671 a grantor includes in computing his taxable income those items of income and deductions which are attributable to or included in any portion of a trust of which he is treated as the owner. An item of income or deduction included in computing the taxable income of a grantor under Code Section 671 is treated for federal income tax purposes as if it had been received or paid directly by the grantor. Treasury Regulation Section 1.671-2(a), (c).

In Revenue Ruling 2004-86, the IRS held that a person who is treated as the grantor of a grantor trust is considered to own its proportionate share of the assets of the trust for federal income tax purposes. Revenue Ruling 2004-86 went on to hold that an owner of a grantor trust that holds real property is considered to be the owner of an undivided interest in the real property and that, accordingly, real property can be exchanged for an interest in such a grantor trust without the recognition of gain or loss so long as the other requirements of Section 1031 are satisfied.

As indicated above, upon the issuance of the Interests to the Investors, the Trust will satisfy the tax law requirements for qualification as an investment trust and a grantor trust, and thus the owners of the Trust should be treated for federal income tax purposes as owning direct interests in the property held by the Trust. Accordingly, the Investors should be treated as owning direct interests in the Real Estate for purposes of Code Section 1031.

CONCLUSION

Based on the facts and the authorities discussed above, we conclude that the acquisition of the Interests by the Investors should be treated as the direct acquisition of interests in the Real Estate for purposes of Code Section 1031.

This Opinion is given in reliance upon the accuracy and completeness of the documents, facts, assumptions and representations described herein. Any misstatement, or any change of a material fact referred to or omission of any material fact may require an adverse modification of all or a part of our Opinion.

This Opinion is based on existing federal law, including judicial decisions, applicable Treasury Regulations, and current published administrative positions of the IRS, all of which are subject to change either prospectively or retroactively. We assume no responsibility to inform the addressee or any Investor of any future change in the law. Although this Opinion represents our considered legal judgment, it has no binding effect and, therefore, there can be no assurance that the IRS will not be able to successfully challenge the conclusions reached herein. This Opinion is delivered subject to this understanding and agreement. Finally, this Opinion is intended solely for the



Fayetteville Student Housing
DST
November 11, 2019
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use of the Investors and may not be shown to or relied upon by any other party without our express written approval.

Very truly yours,

A handwritten signature in blue ink that reads 'SEYFARTH SHAW LLP'.

SEYFARTH SHAW LLP

SRM:RKM

EXHIBIT D

FORECASTED STATEMENT OF CASH FLOWS

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Assumptions and Notes for the Forecast

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

Property	Purchase Price	Anticipated Acquisition Date	Appraised As-Is Value	Date of Value
Cottages on Hollywood	\$62,250,000	11/15/2019	\$62,300,000	09/04/2019
Total	\$62,250,000		\$62,300,000	

2 Financing ¹

Borrower	Lender	Loan Amount	Interest Rate
Fayetteville Student Housing DST	Berkeley Point Capital LLC, d/b/a Newmark Knight Frank	\$34,237,000	3.65%

¹ The Loan terms have not been finalized.

3 Maximum Offering Amount

The total acquisition cost for the acquisition of the Property, comprised of the purchase price of the Property, the acquisition closing costs and financing costs, is \$62,949,840. The difference between the total acquisition cost and the total proceeds of \$69,815,407 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 \$1,258,997. The annualized cash on cash return is calculated based on the \$35,578,407 of Interests.

4 Operating Assumptions

Income / Expenses	Cottages on Hollywood
Initial Gross Potential Rent	\$5,422,200
<i>Residential Rent Growth Factor</i>	2020: 1.25% 2.50% thereafter
Initial Other Income	
Miscellaneous Income	\$220,154
<i>Residential Other Income Growth Factor</i>	2020: 1.85% 3.00% thereafter
Stabilized Vacancy	5.00%
Discounts/Concessions/Bad Debt	1.00%
Controllable Expenses	\$938,421 stabilized inflation factor of 3.00% in 2021
Utilities Expense	\$389,501 stabilized inflation factor of 3.00% in 2021
Insurance Expense	\$130,528 stabilized inflation factor of 3.00%
Real Estate Taxes	2019 - 2021: \$451,766 inflation factor of 3.00% thereafter

5 Management and Trustee Fees

Fee	Cottages on Hollywood
Asset Management Fee (Annually) ¹	\$124,500
Asset Management Fee (Monthly)	\$10,375
Property Management Fee ²	2.50% of the gross income generated by the Property for the month in which the payment is made.
Trustee and Administrative Fee ³	\$5,500

¹ The Asset Manager anticipates it will waive a portion of their Asset Management Fee, as further outlined in the forecast.

² The Property Manager will be entitled to an additional performance fee in an amount to 1.75% of the Property's monthly "Net Operating Income," as defined in the Property Management Agreement.

³ The Trustee Fee consists of an annual fee to CT Corporation Staffing, Inc. for its service as Delaware Trustee to the Trust, and other administrative fees (with a 3% inflation factor).

6 Initial Master Lease Rent and Breakpoints

Rent / Breakpoints (2020)	Cottages on Hollywood
(1) Base Rent (on an annual basis)	\$1,879,445
(2) Additional Rent (maximum / year) ¹	\$1,287,500
Additional Rent Breakpoint	\$4,070,000
(3) Supplement Rent	90% of the amount by which annual Gross Income exceeds the Supplement Rent Breakpoint.
Supplement Rent Breakpoint	\$5,357,500

¹ Additional Rent is the amount by which annual Gross Income (as defined in the Master Lease) exceeds the Additional Rent Breakpoint for that year, as provided in the Master Lease.

7 **Reserve Accounts**

Reserve	Cottages on Hollywood
Trust Reserve - Initial Contribution	\$2,127,700
2020 Maximum Annual Contribution	\$117,360
Reserve Minimum Balance	\$150,000
Reserve Maximum Balance	\$1,800,000

8 **Capital Expenditures and Improvements**

Property	Date of Assessment	Immediate Needs	Est. Long-Term Needs	Total Anticipated Needs
Cottages on Hollywood	09/11/2019	\$165,150	\$2,686,295	\$2,851,445

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 Appraisal.

Property	Building	Site
Cottages on Hollywood	86.24%	3.47%

Based on certain amounts provided in the Cost Approach section of the Appraisal, the 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
\$67,593,207	\$58,289,782	\$2,348,497

Financial Highlights
Fayetteville Student Housing DST
Cottages on Hollywood located in Fayetteville, Arkansas

OFFERING SUMMARY

		Financing Terms (Anticipated)		Forecasted 2019 Return (1 Month)	
Offering Price					
First Year Proforma Net Operating Income	\$3,233,146	Mortgage Principal	\$34,237,000	Additional Rent	\$154,906
Capitalization Rate ¹	4.78%	Interest Rate	3.65%	Asset Management Fee	(\$6,209)
Offering Price	\$69,815,407	Initial Annual Payment	\$1,270,478	Trustee and Administrative Fee	(\$458)
Offering Proceeds	\$35,578,407	Initial Annual Principal and Interest Payment	\$1,879,445	Cash from Additional Rent	\$148,239
Loan Proceeds	\$34,237,000	Amortization	7 I/O; 3/30	Supplemental Rent	\$0
		Maturity Date	December 1, 2029	Trust Reserve Contribution	\$0
				Net Cash Flow	\$148,239
				Annualized Cash on Cash Return	5.00%

Sources	
Offering Proceeds	\$35,578,407
Loan Proceeds	\$34,237,000
Total Sources	\$69,815,407

Application	% of Offering Proceeds	% of Total Proceeds
<u><i>Selling Commissions and Fees</i></u>		
Selling Commission	6.00%	3.06%
Dealer Fee	1.25%	0.64%
Placement Agent Fee	1.65%	0.84%
Organization & Offering Expenses	0.61%	0.31%
Total	9.51%	4.85%
<u><i>Costs of Acquisition</i></u>		
Total Acquisition Cost		90.17%
Acquisition Fee		1.80%
Initial Lender Reserves		0.14%
Initial Trust Reserves		3.05%
Total		95.15%

Total Application	\$69,815,407
--------------------------	---------------------

Total Acquisition Cost	Total
Real Estate Acquisition Price	\$62,250,000
<u><i>Acquisition Closing Costs</i></u>	
Closing and Title Costs	\$20,500
Third Party Reports	\$38,705
Legal Costs	\$55,900
Documentary/Transfer Tax	\$102,713
Acquisition and Due Diligence Overhead	\$205,000
	\$422,818
<u><i>Financing Closing Costs</i></u>	
Lender Closing & Transfer Costs	\$242,785
Affiliate Loan Processing Fee	\$34,237
	\$277,022
Total Acquisition Cost	\$62,949,840

¹ The Capitalization Rate equals the quotient of (a) the First 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
Fayetteville Student Housing DST
Cottages on Hollywood located in Fayetteville, Arkansas

Forecasted Cash on Cash Return

	(1 Month)					(11 Months)					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Effective Gross Income	\$440,826	\$5,357,350	\$5,492,404	\$5,630,869	\$5,772,830	\$5,918,376	\$6,067,597	\$6,220,587	\$6,377,440	\$6,538,255	\$6,144,537
Net Operating Income	\$266,621	\$3,236,209	\$3,321,994	\$3,396,383	\$3,472,372	\$3,549,994	\$3,629,280	\$3,710,264	\$3,792,981	\$3,877,464	\$3,633,437
Master Lease Rent											
Base Rent	\$156,620	\$1,879,445	\$1,879,445	\$1,879,445	\$1,879,445	\$1,879,445	\$1,879,445	\$1,879,445	\$1,879,445	\$1,879,445	\$1,722,825
Debt Service	\$105,873	\$1,270,478	\$1,267,007	\$1,267,007	\$1,267,007	\$1,270,478	\$1,267,007	\$1,319,490	\$1,879,445	\$1,879,445	\$1,722,825
Excess Base Rent	\$50,747	\$608,967	\$612,438	\$612,438	\$612,438	\$608,967	\$612,438	\$559,956	\$0	\$0	\$0
Master Tenant Base Income ¹	\$5,842	\$69,415	\$70,144	\$70,069	\$70,097	\$70,172	\$70,237	\$70,232	\$70,096	\$69,764	\$64,325
Additional Rent											
Additional Rent Breakpoint	\$336,667	\$4,070,000	\$4,120,000	\$4,184,000	\$4,250,000	\$4,318,000	\$4,388,000	\$4,460,000	\$4,534,000	\$4,610,000	\$4,298,250
Additional Rent	\$104,159	\$1,287,350	\$1,296,700	\$1,296,800	\$1,296,900	\$1,300,400	\$1,297,100	\$1,349,700	\$1,731,800	\$1,731,900	\$1,587,758
Asset Management Fee	(\$6,209)	(\$111,926)	(\$124,500)	(\$124,500)	(\$124,500)	(\$124,500)	(\$124,500)	(\$124,500)	(\$124,500)	(\$124,500)	(\$114,125)
Trustee and Administrative Fee	(\$458)	(\$5,590)	(\$5,683)	(\$5,778)	(\$5,877)	(\$5,978)	(\$6,082)	(\$6,190)	(\$6,300)	(\$6,414)	(\$5,987)
Additional Rent Cash Flow ²	\$148,239	\$1,778,801	\$1,778,956	\$1,778,960	\$1,778,962	\$1,778,889	\$1,778,956	\$1,778,966	\$1,601,000	\$1,600,986	\$1,467,646
Initial Capital	\$35,578,407										
Additional Rent Cash on Cash Return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.50%	4.50%	4.50%
Supplemental Rent											
Supplemental Rent Breakpoint	\$440,833	\$5,357,500	\$5,416,700	\$5,480,800	\$5,546,900	\$5,618,400	\$5,685,100	\$5,809,700	\$6,265,800	\$6,341,900	\$5,886,008
Master Tenant Supplemental Rent Income ³	\$0	\$0	\$7,570	\$15,007	\$22,593	\$29,998	\$38,250	\$41,089	\$11,164	\$19,636	\$25,853
Supplemental Rent	\$0	\$0	\$68,134	\$135,062	\$203,337	\$269,979	\$344,248	\$369,798	\$100,476	\$176,720	\$232,676
Trust Reserve Account	\$0	\$0	(\$68,134)	(\$117,360)	(\$150,000)	(\$175,000)	(\$211,900)	(\$211,900)	(\$100,476)	(\$176,720)	(\$178,750)
Supplemental Rent Cash Flow ⁴	\$0	\$0	\$0	\$17,702	\$53,337	\$94,979	\$132,348	\$157,898	\$0	\$0	\$53,926
Total Cash Flow	\$148,239	\$1,778,801	\$1,778,956	\$1,796,663	\$1,832,299	\$1,873,868	\$1,911,304	\$1,936,864	\$1,601,000	\$1,600,986	\$1,521,572
Total Cash on Cash Return	5.00%	5.00%	5.00%	5.05%	5.15%	5.27%	5.37%	5.44%	4.50%	4.50%	4.67%
Total Master Tenant Income ^{1,3}	\$5,842	\$69,415	\$77,715	\$85,076	\$92,690	\$100,170	\$108,487	\$111,321	\$81,260	\$89,400	\$90,178

Forecasted Principal Amortization

Beginning Loan Balance	\$34,237,000	\$34,237,000	\$34,237,000	\$34,237,000	\$34,237,000	\$34,237,000	\$34,237,000	\$34,237,000	\$34,184,517	\$33,559,566	\$32,914,579
Principal Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,483	\$624,951	\$644,987	\$614,379
Ending Loan Balance	\$34,237,000	\$34,237,000	\$34,237,000	\$34,237,000	\$34,237,000	\$34,237,000	\$34,237,000	\$34,184,517	\$33,559,566	\$32,914,579	\$32,300,200
Loan to Offering Price	49.04%	49.04%	49.04%	49.04%	49.04%	49.04%	49.04%	48.96%	48.07%	47.15%	46.27%
Yield	5.00%	5.00%	5.00%	5.05%	5.15%	5.27%	5.37%	5.59%	6.26%	6.31%	6.55%

Forecasted Lender Reserve Account

	(1 Month)					(11 Months)					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Balance	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500
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
Maintenance Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500	\$94,500

Forecasted Trust Reserve Account

	(1 Month)					(11 Months)					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Balance	\$2,102,700	\$1,902,884	\$1,777,407	\$1,653,752	\$1,568,843	\$1,517,804	\$1,398,132	\$806,609	\$748,790	\$585,992	\$494,719
Seller Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Contribution	\$0	\$0	\$68,134	\$117,360	\$150,000	\$175,000	\$211,900	\$211,900	\$100,476	\$176,720	\$178,750
Capital Expenditures	(\$200,650)	(\$134,655)	(\$200,345)	(\$210,306)	(\$208,736)	(\$301,944)	(\$808,922)	(\$273,597)	(\$266,604)	(\$270,687)	(\$268,630)
Interest Income	0.5%	\$834	\$9,178	\$8,557	\$8,036	\$7,697	\$7,272	\$5,498	\$3,879	\$3,329	\$2,061
Ending Balance	\$1,902,884	\$1,777,407	\$1,653,752	\$1,568,843	\$1,517,804	\$1,398,132	\$806,609	\$748,790	\$585,992	\$494,719	\$406,901

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.

Forecast of Taxable Income
Fayetteville Student Housing DST
Cottages on Hollywood located in Fayetteville, Arkansas

Tax Analysis for Non-1031 Investor¹

	(1 Month)										(11 Months)
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Cash Flow	\$148,239	\$1,778,801	\$1,778,956	\$1,796,663	\$1,832,299	\$1,873,868	\$1,911,304	\$1,936,864	\$1,601,000	\$1,600,986	\$1,521,572
Principal Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,483	\$624,951	\$644,987	\$614,379
Reserve Contributions	\$0	\$0	\$68,134	\$117,360	\$150,000	\$175,000	\$211,900	\$211,900	\$100,476	\$176,720	\$178,750
Interest Earned	\$834	\$9,178	\$8,557	\$8,036	\$7,697	\$7,272	\$5,498	\$3,879	\$3,329	\$2,695	\$2,061
Tax Depreciation:											
Building ²	(\$161,916)	(\$1,942,993)	(\$1,942,993)	(\$1,942,993)	(\$1,942,993)	(\$1,942,993)	(\$1,942,993)	(\$1,942,993)	(\$1,942,993)	(\$1,942,993)	(\$1,781,077)
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	(\$117,425)	(\$223,107)	(\$200,796)	(\$180,834)	(\$162,751)	(\$146,311)	(\$138,561)	(\$138,561)	(\$138,796)	(\$138,561)	(\$127,230)
Estimated Taxable Income	\$0	\$0	\$0	\$0	\$0	\$0	\$47,148	\$123,572	\$247,967	\$343,833	\$408,456
Before Tax Cash Flow	\$148,239	\$1,778,801	\$1,778,956	\$1,796,663	\$1,832,299	\$1,873,868	\$1,911,304	\$1,936,864	\$1,601,000	\$1,600,986	\$1,521,572
Effective Tax Rate ⁵	40.0%										
Income Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$18,859	\$49,429	\$99,187	\$137,533	\$163,382
After Tax Cash Flow	\$148,239	\$1,778,801	\$1,778,956	\$1,796,663	\$1,832,299	\$1,873,868	\$1,930,163	\$1,986,293	\$1,700,186	\$1,738,519	\$1,684,954
After Tax Return	5.00%	5.00%	5.00%	5.05%	5.15%	5.27%	5.43%	5.58%	4.78%	4.89%	5.17%
Tax Equivalent Yield	8.33%	8.33%	8.33%	8.42%	8.58%	8.78%	9.04%	9.30%	7.96%	8.14%	8.61%
Percentage Sheltered	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	97.53%	93.62%	84.51%	78.52%	73.16%

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 appraisal. 86.24% of the property costs are allocated to the building. Additionally, straight-line, 30-year depreciation is

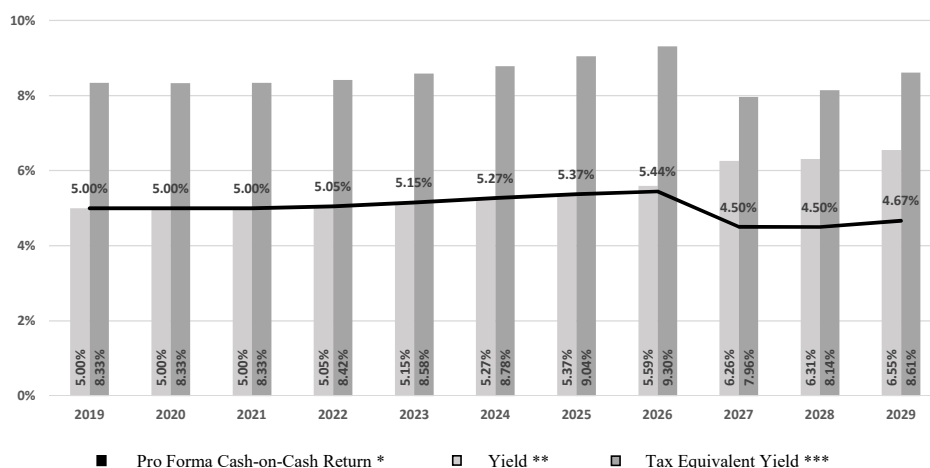
³ MACRS (Modified Accelerated Cost Recovery System) is the current method of accelerated asset depreciation required by the Internal Revenue Code.

⁴ Allocations to building and site are derived from the Cost Approach section of the appraisal. 3.47% of the property costs are allocated to the site.

⁵ Assumed to be a combined federal and state income tax rate of 40%.

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.

Net Operating Income
Fayetteville Student Housing DST
Cottages on Hollywood located in Fayetteville, Arkansas

	(1 Month)										(11 Months)									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029									
Market Rental Income	\$451,850	\$5,489,978	\$5,627,227	\$5,767,908	\$5,912,105	\$6,059,908	\$6,211,406	\$6,366,691	\$6,525,858	\$6,689,004	\$6,284,877									
Total Rent	\$451,850	\$5,489,978	\$5,627,227	\$5,767,908	\$5,912,105	\$6,059,908	\$6,211,406	\$6,366,691	\$6,525,858	\$6,689,004	\$6,284,877									
Fee Income	\$18,346	\$224,221	\$230,947	\$237,876	\$245,012	\$252,362	\$259,933	\$267,731	\$275,763	\$284,036	\$268,177									
Total Reimbursement	\$18,346	\$224,221	\$230,947	\$237,876	\$245,012	\$252,362	\$259,933	\$267,731	\$275,763	\$284,036	\$268,177									
Total Income	\$470,196	\$5,714,198	\$5,858,174	\$6,005,783	\$6,157,117	\$6,312,270	\$6,471,339	\$6,634,422	\$6,801,621	\$6,973,040	\$6,553,054									
Disc./Consec./Bad Debt	(\$6,778)	(\$82,350)	(\$84,408)	(\$86,519)	(\$88,682)	(\$90,899)	(\$93,171)	(\$95,500)	(\$97,888)	(\$100,335)	(\$94,273)									
Vacancy	(\$22,593)	(\$274,499)	(\$281,361)	(\$288,395)	(\$295,605)	(\$302,995)	(\$310,570)	(\$318,335)	(\$326,293)	(\$334,450)	(\$314,244)									
Effective Income	\$440,826	\$5,357,350	\$5,492,404	\$5,630,869	\$5,772,830	\$5,918,376	\$6,067,597	\$6,220,587	\$6,377,440	\$6,538,255	\$6,144,537									
Salaries	\$34,726	\$424,412	\$437,144	\$450,258	\$463,766	\$477,679	\$492,010	\$506,770	\$521,973	\$537,632	\$507,614									
Repair and Maintenance	\$24,455	\$298,882	\$307,848	\$317,083	\$326,596	\$336,394	\$346,486	\$356,880	\$367,587	\$378,614	\$357,475									
Marketing and Administrative	\$19,021	\$232,463	\$239,437	\$246,620	\$254,019	\$261,640	\$269,489	\$277,573	\$285,901	\$294,478	\$278,036									
Total Controllable Expenses	\$78,202	\$955,757	\$984,429	\$1,013,962	\$1,044,381	\$1,075,713	\$1,107,984	\$1,141,223	\$1,175,460	\$1,210,724	\$1,143,125									
Utilities	\$32,458	\$396,696	\$408,597	\$420,855	\$433,481	\$446,485	\$459,880	\$473,676	\$487,887	\$502,523	\$474,466									
Taxes	\$37,647	\$451,766	\$451,766	\$465,319	\$479,279	\$493,657	\$508,467	\$523,721	\$539,432	\$555,615	\$524,594									
Insurance	\$10,877	\$134,444	\$138,477	\$142,632	\$146,911	\$151,318	\$155,858	\$160,533	\$165,349	\$170,310	\$160,801									
Total Uncontrollable Expenses	\$80,983	\$982,907	\$998,841	\$1,028,806	\$1,059,670	\$1,091,460	\$1,124,204	\$1,157,930	\$1,192,668	\$1,228,448	\$1,159,860									
Property Management Fee	\$15,020	\$182,477	\$187,140	\$191,717	\$196,406	\$201,209	\$206,129	\$211,169	\$216,331	\$221,618	\$208,115									
Total Expenses	\$174,205	\$2,121,140	\$2,170,410	\$2,234,486	\$2,300,458	\$2,368,382	\$2,438,317	\$2,510,323	\$2,584,459	\$2,660,791	\$2,511,100									
Net Operating Income	\$266,621	\$3,236,209	\$3,321,994	\$3,396,383	\$3,472,372	\$3,549,994	\$3,629,280	\$3,710,264	\$3,792,981	\$3,877,464	\$3,633,437									



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IPC was recognized in 2006 and 2016 for distinguished accomplishments that demonstrated commitment to excellence and service to the alternative investment industry.

Inland received the BBB's prestigious award in 2009, 2014 and 2017 honoring businesses that exhibit ethical practices in the marketplace.