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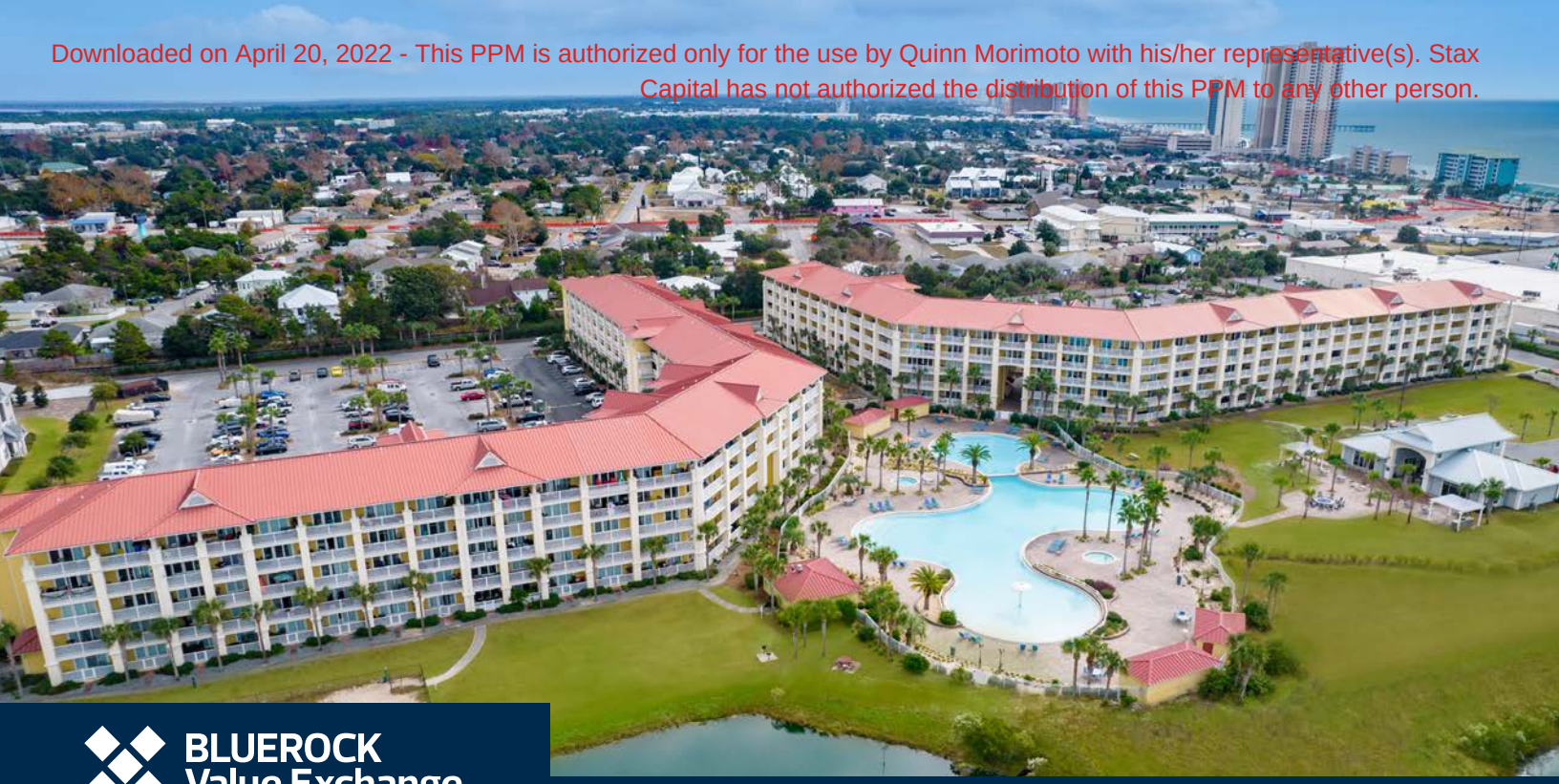
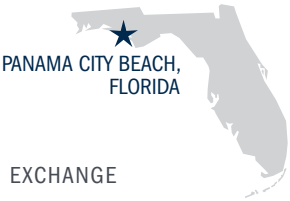


BLUEROCK Value Exchange™

DELAWARE STATUTORY TRUST (DST) AVAILABLE FOR 1031 EXCHANGE & DIRECT INVESTMENT

BR 79 West, DST



102 CABANA CAY CIRCLE | PANAMA CITY BEACH, FLORIDA 32413

EQUITY OFFERING AMOUNT: $42,387,253 | MINIMUM INVESTMENT AMOUNT: $100,000 (0.23356%) FOR 1031 EXCHANGE

79 West (the "Property") represents an opportunity to invest in a class A, garden-style apartment community, located in Panama City Beach, Florida, part of the Panama City metropolitan statistical area (the "Panama City Metro"), within walking distance to the renowned Panama City Beaches.

The Property is one of the few class A multifamily properties in the Panama City Metro with walkability to the highly acclaimed Panama City beaches.

The Property is located in Panama City Beach, Florida, part of the Panama City Metro. The Property offers excellent visibility, located near the intersection of Front Beach Road and FL-79 and distinguishes itself in the area as one of the few class A apartment communities with walkability to the Panama City Beaches. The Property's location provides superb connectivity to all major transportation arteries in the Panama City Metro, including Northwest Florida Beaches International Airport, FL-79, Front Beach Road and US-98 which connects Panama City Beach to the mainland and to the central business district as well as numerous employment centers in Panama City. The Property's location delivers easy access to the major employers in the area including Tyndall Air Force Base, Gulf Coast Medical Center and Ascension Sacred Heart Bay Medical Center. Additionally, the Property is less than 2.5 miles from Pier Park and Pier Park North, providing more than one million square feet of desired retail and dining options including Old Navy, Red Robin, Starbucks, Bed Bath and Beyond, and Chili's. The Property also provides its tenants with superb walkability to some of Panama City Beach's 27 miles of white sand beaches.

BR 79 West, DST (the "Trust") seeks to provide attractive monthly cash flow distributions and growing property values associated with a strong multifamily market that generated 15% year-over-year average rent growth on new leases during the previous five months.

There is no guarantee Purchasers will receive distributions or the return of their capital. See the "Risk Factors" section in the Confidential Offering Memorandum (the "Memorandum"). The results shown may not occur, and your performance could vary significantly. Capitalized terms used but not defined in this brochure have the meanings given in the Memorandum.

FOR ACCREDITED INVESTOR USE ONLY | *This is neither an offer to sell nor a solicitation of an offer to buy any securities. BR 79 West, DST is a recently formed Delaware statutory trust that is offering (the "Offering") to sell 99% of its beneficial interests (the "Interests") to "accredited investors" as that term is defined in Rule 501 promulgated under the Securities Act of 1933, as amended. Interests are only being offered pursuant to the Memorandum. This material must be reviewed in conjunction with the Memorandum to fully understand all of the implications and risks associated with the Offering and an investment in the Interests. Prospective Purchasers should carefully read the Memorandum and discuss with their own investment professionals prior to making an investment and should be able to bear the complete loss of their investment.*

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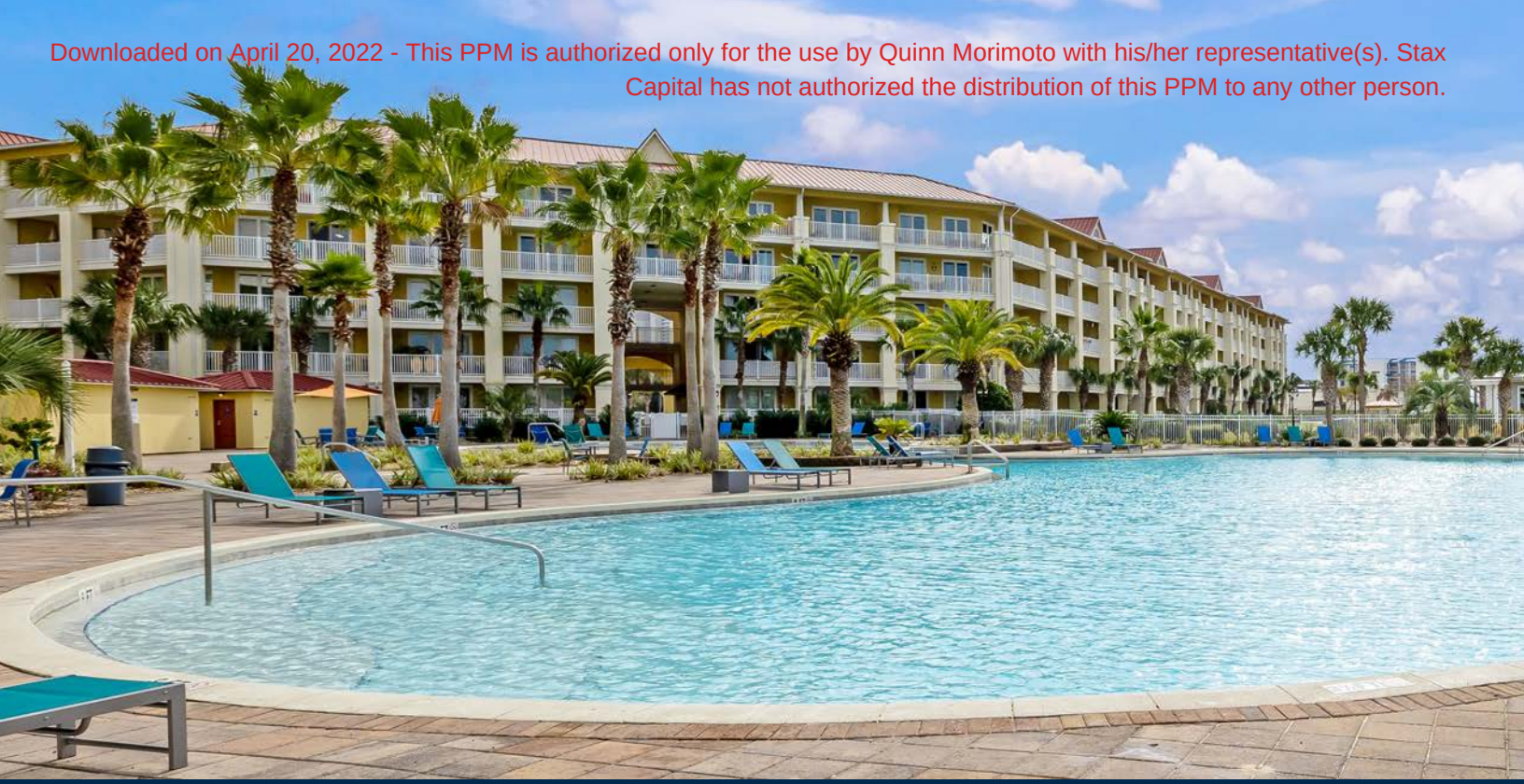

Key Investment Considerations

BR 79 WEST, DST

- **Instant value creation** as the Property was purchased for $1,400,000 million below appraised value. *(Source: Appraisal)*
- **Recent $3.5 million in capital improvements** performed by the seller includes a newly built clubhouse, state-of-the-art fitness center, upgraded landscaping, upgraded playground, and pool furniture.
- **Additional value-add opportunity** with a planned stainless steel appliances upgrade in remaining 257 units for a targeted 38% return on investment through increased rents.
- The Property is one of the **few class A multifamily properties in the Panama City Metro with walkability** to the highly acclaimed Panama City beaches.
- The Property is located approximately **two miles from over 1 million square feet of retail services**, including Pier Park, a major open air destination shopping center.
- **Average household income of more than $88,000** within a 3-mile radius; approximately 14% higher than the Panama City Metro average. *(Source: Appraisal)*

Pictured: (Top) Pier Park in Panama City Beach, Florida. and (Bottom) Panama City Beach, Florida.

Note: Investors are not purchasing interests in the above properties.

There is no guarantee Purchasers will receive distributions or the return of their capital. See the "Risk Factors" section in the Memorandum. The results shown may not occur, and your performance could vary significantly.

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INVESTMENT OVERVIEW

BUSINESS PLAN

Bluerock Value Exchange ("BVEX") believes the Property is well positioned for additional significant rental rate growth and appreciation due to strong rental demand in the Panama City Metro, a growing population driven by strong in-migration, and its desirable location with close proximity to Panama City Beaches. BVEX plans to implement the following initiatives to enhance the Property's value:

- Implement a value-add program encompassing the remaining 257 units at the Property with unit upgrades at an average cost estimate of approximately $3,100 per unit, which are projected to generate an average $100 increase in rent per unit per month, and will include upgraded stainless steel appliances for a targeted return on investment of 38%. The value-add program is expected to assist the Property in bridging the gap in effective rents between the Property and newer built properties.
- Implement aggressive marketing campaigns to reach out to local corporations, businesses and vendors to obtain referrals, activity sponsorships and reciprocal business opportunities.
- Hire a nationally recognized third-party property management company to oversee an on-site management team of experienced and enthusiastic professionals.
- Install a state-of-the-art computerized revenue management program that collates market and submarket data and establishes daily pricing for all units based on a number of primary factors including inventory, days on market, move-in date and location. This type of computerized revenue enhancement system is gaining wide acceptance in the multifamily management industry as being a cost-effective software program that will manage pricing in an effort to increase the financial performance of the Property.

KITCHEN & LIVING AREA

BEDROOM

OFFERING HIGHLIGHTS	$100,000 MINIMUM INVESTMENT
Assumed Debt (0.23356% interest):	$89,760
Offering Purchase Price: includes $2,300,000 in Supplemental Trust Reserves	$80,818,253
Equity Amount:	$42,387,253
Loan Amount:	$38,431,000
Loan Terms:	47.30% Loan-to-Capitalization; 10-Year Term, 7-Year Interest Only; 3.38% Fixed Interest Rate
Projected Hold Period:	Approx. 7-10 Years
Current Cash Flow to Trust Under Master Lease:	4.00% annual rate, paid monthly**

THE MASTER LEASE

The Trust will lease the Property to an affiliate of Bluerock, BR 79 West Leaseco, LLC, a newly-formed Delaware limited liability company (the "Master Tenant"), under a 10-year master lease agreement (the "Master Lease"). The Master Tenant will sub-lease the Property to the residential tenants (the "Residents"). The purpose of the Master Lease is to permit the Master Tenant to operate the Property 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.

As part of the Master Lease, the Trust will receive Base Rent (debt service), Additional Rent (monthly distributions) and Supplemental Rent (annual performance distribution) from the Property's gross revenues as described in the Master Lease.

Figure reflects Additional Rent paid pursuant to the Master Lease, shown on an annualized basis as a percentage of equity invested in the Property. Current cash flow is not an assurance of future results and does not directly represent investor return. **There is no guarantee Purchasers will receive distributions or the return of their capital. See the "Risk Factors" section in the Memorandum. Additional Rent represents rent paid to the Trust out of gross revenues from the Property in excess of the Base Rent, which covers debt service and lender reserves, operating costs of the Property and asset management fee. See the "Summary of the Master Lease" section in the Memorandum.

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COMMUNITY AMENITIES

- newly built clubhouse,
- resort style swimming pool,
- state-of-the-art fitness center,
- two spa hot tubs,
- bark park,
- elevators,
- guest parking,
- ocean views,
- gazebo, and
- walking distance to the beach.

UNIT AMENITIES

- balcony or patio,
- breakfast bar*,
- bunk room*,
- central air and heating,
- den or study*,
- dishwasher,
- kitchen island*,
- tile floors,
- ocean views*,
- walk-in closets*, and
- washer and dryer.

**available in select units only*

PROPERTY SUMMARY

The Property offers amenity-rich living space in one- and two- bedroom apartment floor plans.

YEAR COMPLETED: 2007

CLASS: A

BUILDINGS: 3

ACRES: 19.96

NUMBER OF UNITS: 304

AVERAGE UNIT SIZE: 831

TOTAL SQUARE FEET: 252,522

CLUBHOUSE

FITNESS CENTER

OUTDOOR LOUNGE

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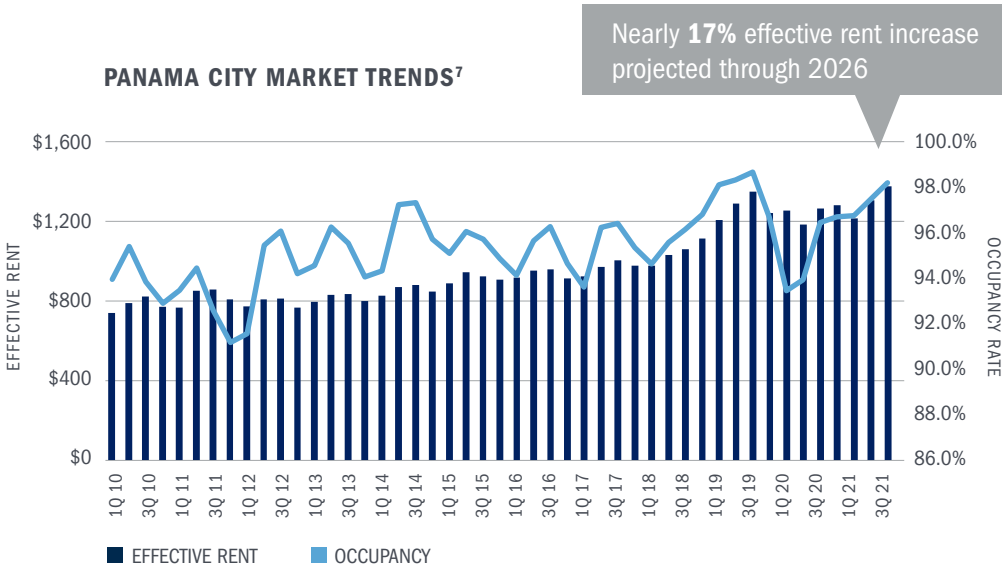
WHY **APARTMENTS?**

New research indicates a cumulative gap of ***nearly 2.4 million multifamily units nationally.***[6]

MULTIFAMILY
HAS GENERATED THE
HIGHEST RETURNS
& **LOWEST VOLATILITY**
of the Average Rolling 10-Year Returns of **ALL MAJOR REAL ESTATE SECTORS**[9]

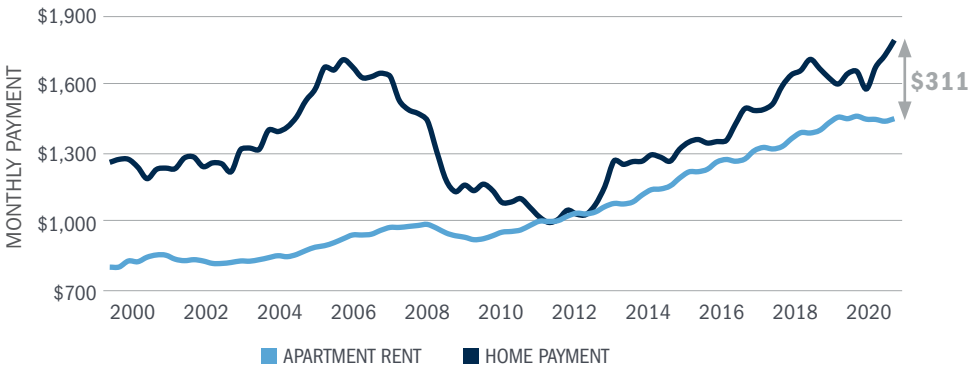
The Panama City Metro market has exhibited strong fundamentals since 2010 with rising rental rates and occupancy rates averaging nearly 95.5% since Q1 2010, as exhibited in the chart below. Additionally, REIS projects vacancy rates to average 2.6% through 2026 with market rents rising 16.9% for the same time period.[7]

PANAMA CITY MARKET TRENDS[7]



The cost of owning a home is significantly higher than renting potentially creating more renter households.[8]

RENT AND HOME PAYMENT TRENDS



Note: Mortgage payments based on quarterly median home price for a 30-year fixed mortgage, 90 percent LTV, insurance, and PMI

Sources:

[6] *Rosen Consulting Group, Housing is Critical Infrastructure: Social and Economic Benefits of Building More Housing, June 2021*

[7] *Axiometrics Annual Market Trend Report, Q3 2021*

[8] *Marcus & Millichap, Five Multifamily Investor Considerations Special Report June 2021*

[9] *National Council of Real Estate Investment Fiduciaries, inception, 1.1.1978- 9.30.2021.*

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REGIONAL OVERVIEW

The Property is located in Panama City Beach, Florida in Bay County, part of the Panama City Metro, approximately 16 miles northwest of downtown Panama City located near the beach along US-98 and US-30. The Panama City Metro is known for its tourism, seeing more than 7 million tourists a year, given its favorable weather and sought after beaches. The Panama City Metro has been seeing significant growth with a current population of approximately 175,000 and continued population growth projected through 2026 and is expected to see an increase of average household income. This can be contributed to a strong employment market as well as enjoyable weather.[10]

The defense sector is a substantial stabilizing force for the local Panama City Metro economy. In total there are seven military installations in Bay County. Some of these bases include Tyndall Air Force Base, Naval Support Activity Panama City, Naval Surface Warfare Center Panama City Division, and the Gulf of Mexico Range Complex. These four bases provide an economic impact of nearly $1.4 billion and employ more than 13,000 military and civilian personnel. The prominent military presence has served as a catalyst for attracting research activity, defense contractors and aviation and aerospace related companies and suppliers. Nearly every nationally recognized defense contractor has a presence in Bay County. [11]

The Northwest Florida Beaches International Airport, Port of Panama City, and Bay County's location adjacent to the Interstate-10 Corridor makes the Panama City Metro a premier location for the logistics and manufacturing industry. Additionally, the Panama City Metro's logistics and manufacturing industry is seeing outsized growth with the addition of West Bay, a new regional economic center and master planned community by the St. Joe Company. The Panama City Metro is full of manufacturing companies and workforce talent.[12]

The Appraisal sums up the regional economy as one that will continue to remain stable. The Panama City Metro area will continue to benefit from tourism and healthcare to catalyze near-term employment and output growth. Over the long-term, the economy is expected to continue to benefit from a strong military presence and optimal location for the manufacturing and logistics industries.

PANAMA CITY METRO FACTS

- The Panama City Metro's economy is forecasted to be 15% larger in 2025 than it was in 2019, outpacing the national economy by 1.4%.[13]
- The Panama City Metro's total employment growth through 2025 of 5.3% is expected to outperform the national average.[13]
- The Panama City Metro sees more than seven million tourists per year.[14]
- The Panama City Metro has an average household income of more than $77,000, which is expected to grow nearly 10% over the next five years.[10]
- The Panama City Metro has a highly educated population with 24.9% of individuals over the age of 24 holding a college degree, including 9.2% of those with a graduate degree.[10]

Sources: *10) Appraisal; 11) Bay County Economic Development Alliance; 12) Florida's Great Northwest; 13) Oxford Economics; 14) Walker and Dunlop.*

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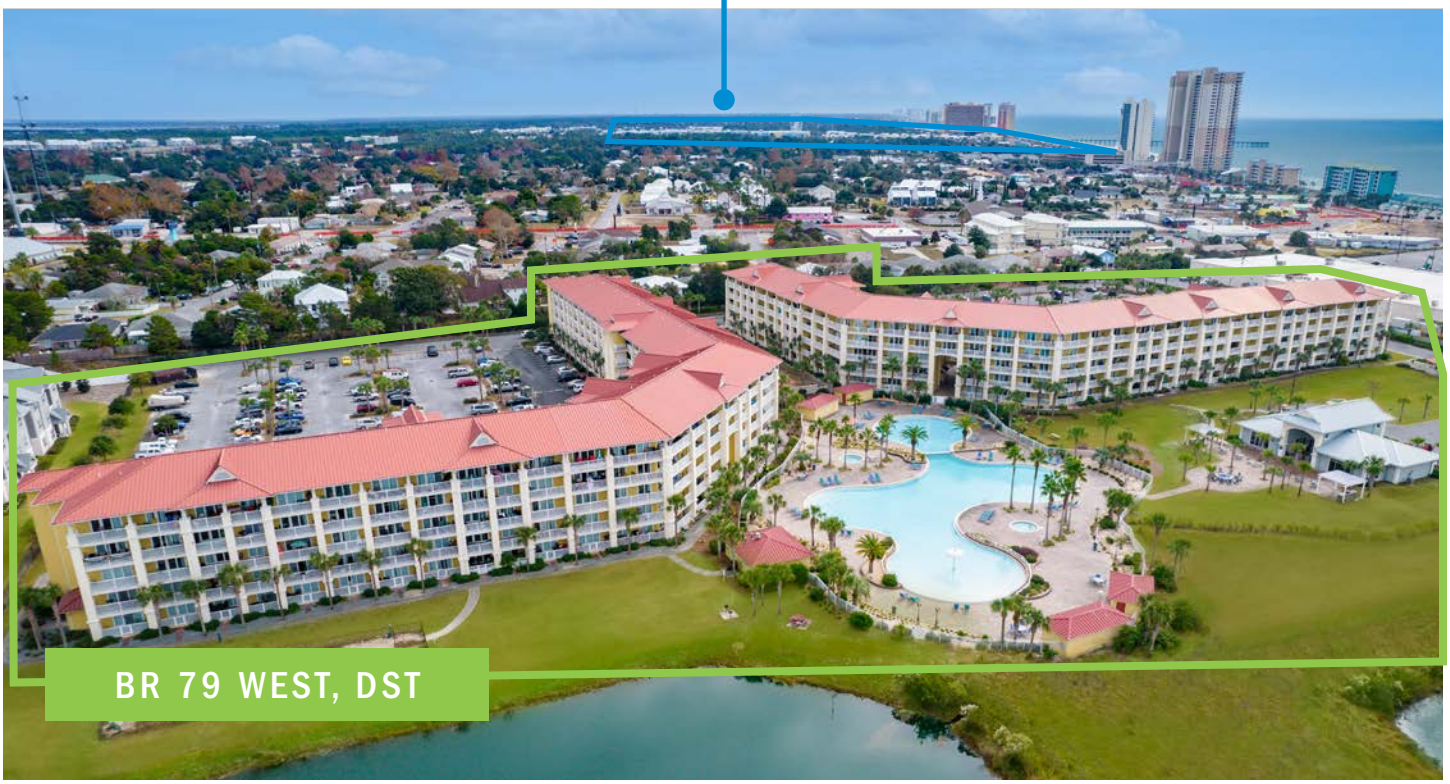
LOCAL OVERVIEW

Panama City Beach is located in Bay County, part of northwest Florida, between Tallahassee and Pensacola, and along the Gulf of Mexico coast. The Panama City Metro is known for its white sandy beaches and warm weather.

Bay County sprawls across more than 1,030 square miles, including nearly 800 square miles of land. It is also home to 27 miles of coastline and is positioned only 13 to 23 feet above sea level. The county is known for its favorable weather including 320 days of sunshine each year, average temperature of more than 67 degrees Fahrenheit, and an average water temperature of nearly 72 degrees Fahrenheit. Additionally, Bay County is within 300 miles of many major Southeastern United States cities including Atlanta, Georgia, Tallahassee, Florida, Jacksonville, Florida, and New Orleans, Louisiana.

Bay County is transitioning from a place commonly known for its tourism, to a place that is more attractive for commerce. In 2010, the county was ranked as the #1 area for economic growth in the United States. Bay County offers many assets including the newest United States International Airport, Northwest Florida Beaches International Airport, a growing deep water port, Port Panama City, and is home to the state's youngest mean population providing a young, energetic workforce.[15]

PIER PARK SHOPPING CENTER



Sources: *15) Bay Economic Development Alliance.*

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Delaware Statutory Trust (DST)

BR 79 West, DST

ABOUT BLUEROCK VALUE EXCHANGE, LLC ("BVEX")

BVEX is a national sponsor of syndicated 1031 exchange offerings with a focus on Class A assets that can deliver stable cash flows and have the potential for value creation with more than $2.3 billion in prior syndicated 1031 exchange programs. BVEX is an affiliate of Bluerock Real Estate, L.L.C., a private equity real estate investment firm with more than $11.8 billion in acquired and managed assets. Bluerock's senior management team has an average of over 30 years investing experience, with more than $48 billion real estate and capital markets experience and has helped launch leading real estate private and public company platforms.

ABOUT 1031 EXCHANGES

Section 1031 of the Internal Revenue Code ("Section 1031") provides that, in general, no gain or loss shall be recognized on the exchange of like-kind real property held for productive use in a trade or business, or for investment. A tax-deferred exchange is a method by which a property owner trades one or more relinquished properties for one or more replacement properties of "like-kind," while deferring the payment of federal income taxes and some state taxes on the transaction. There are numerous Section 1031 rules and requirements, including, but not limited to: sellers cannot receive or control the net sales proceeds; replacement real property must be like-kind to the relinquished real property; the replacement real property must be identified within 45 days from the sale of the property; the replacement real property must be acquired within 180 days from the sale of the original real property; and the attributed debt placed or assumed on the real property must be equal to or greater than the attributed debt on the relinquished real property to avoid boot.

RISK FACTORS

The securities offered herein are highly speculative and involve substantial risks. Do not acquire an Interest if you cannot afford to lose your entire investment. Carefully consider the risks described below, as well as the other information in the Memorandum before making a decision to purchase an Interest. Consult with your legal, tax and financial advisors about an investment in an Interest. The risks described below are not the only risks that may affect an investment in an Interest. Additional risks and uncertainties that we do not presently know or have not identified may also materially and adversely affect the value of an Interest, the Property or the performance of your investment. The risks of purchasing an Interest include, but are not limited to, the following:

- the lack of liquidity of, or a public market for, the Interests;
- the holding of a beneficial interest in the Trust with no voting rights with respect to the management or operations of the Trust or in connection with the sale of the Property;
- risks associated with owning, financing, operating and leasing multifamily apartment complex and real estate generally in and around Panama City Metro;
- the impact of an epidemic in the areas in which the Property is located or a Pandemic, which could severely disrupt the global economy;
- economic risks with a fluctuating U.S. and world economy;
- performance of the Master Tenant under the Master Lease, including the potential for the Master Tenant to defer a portion of rent payable under the Master Lease;
- the Trust depends on the Master Tenant for revenue, and the Master Tenant will depend on the residents for revenue. Any default by the Master Tenant or the Subtenants will adversely affect the Trust's operations;
- reliance on the Master Tenant (and the Property Manager (defined below) engaged by the Master Tenant, and the Property Sub-Manager subcontracted by the Property Manager) to manage the Property;
- risks associated with Sponsor's affiliate funding the Demand Note that capitalizes the Master Tenant;
- risks relating to the terms of the financing for the Property, including the use of leverage;
- lack of diversity of investment;
- the existence of various conflicts of interest among the Sponsor, the Trusts, the Master Tenant, the Property Manager, and their affiliates;
- material tax risks, including treatment of the Interests for purposes of Code Section 1031 and the use of exchange funds to pay acquisition costs, which may result in taxable boot;
- the Interests not being registered with the Securities and Exchange Commission (the "SEC") or any state securities commissions;
- the lack of a public market for the Interests;
- risks relating to the costs of compliance with laws, rules and regulations applicable to the Property;
- risks related to competition from properties similar to and near the Property;
- the Property is located in a "Hurricane Susceptible Region," which increases the risk of damage to the Property; and
- the possibility of environmental risks related to the Property.

Additional risks apply. See "Risk Factors" section of the Memorandum for a more detailed discussion of the risks associated with the Interests. All terms capitalized, but not defined herein, shall have the meaning given in the Memorandum. Interests are offered to "accredited investors" only pursuant to Rule 506(b) of Regulation D of the Securities Act of 1933. Past performance is not an indicator of future results.

For more Information, please contact your financial advisor or Bluerock Capital Markets LLC at 877.826.BLUE (2583)

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Offerree Name: _____ Memorandum Number: _____

BLUEROCK Value Exchange™

BR 79 West, DST

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Minimum Purchase: 0.23356% Interest ($100,000 of equity and $89,760 of estimated debt)

Maximum Offering Amount: $42,387,253 of equity

The date of this Memorandum is **January 13, 2022**

Investing in DST Interests involves a high degree of risk. Before investing, you should review the entire Confidential Private Placement Memorandum including the "Risk Factors" beginning on page 14.

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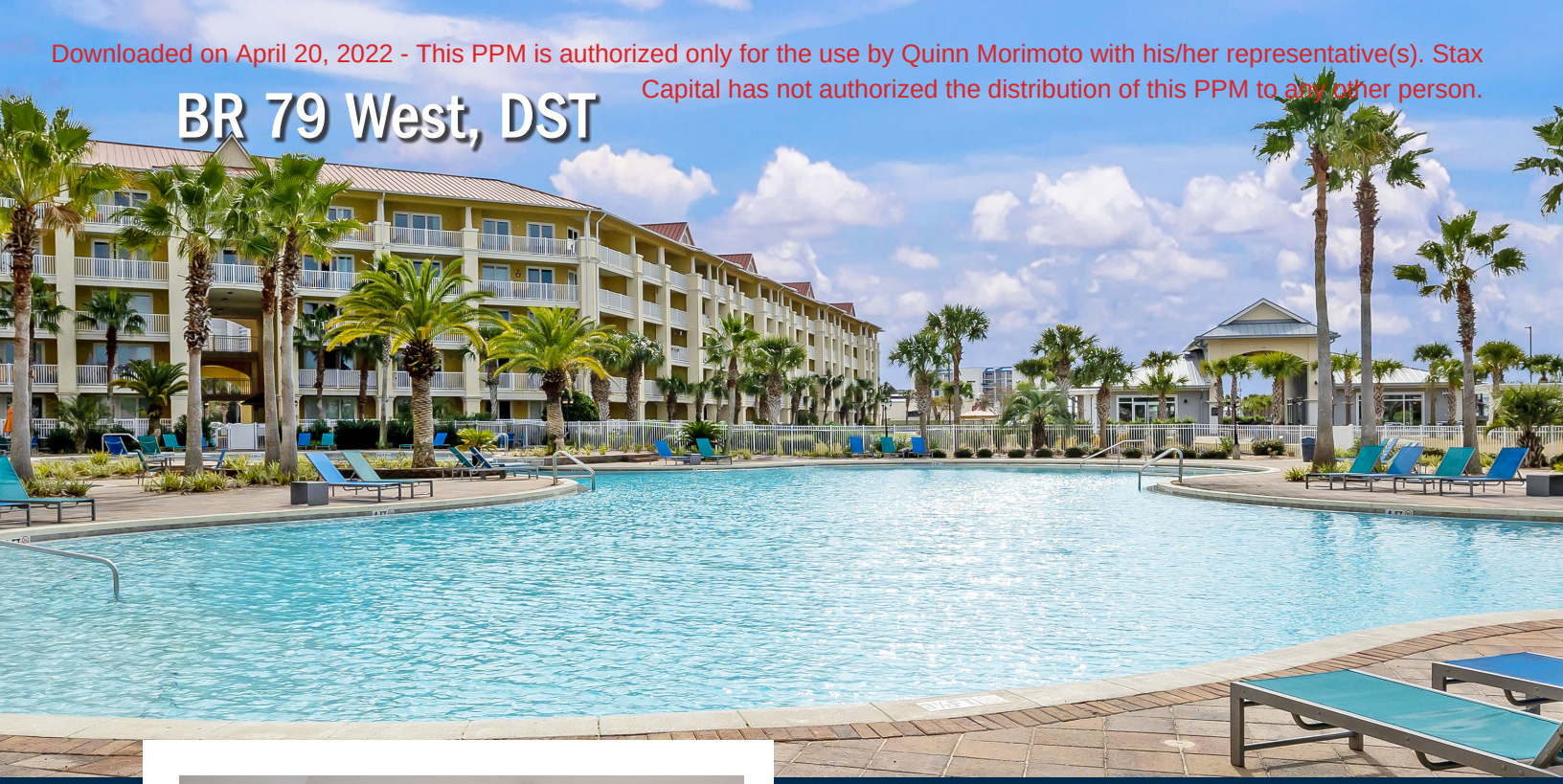
BR 79 West, DST



CLUBHOUSE

KITCHEN AND LIVING AREA

OUTDOOR LOUNGE

BEDROOM

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BR 79 WEST, DST

CONFIDENTIAL OFFERING MEMORANDUM

Class 1 Beneficial Interests in a Delaware Statutory Trust
Minimum Purchase: 0.23356% Interest ($100,000 of equity and $89,760 of estimated debt)
Maximum Offering Amount: $42,387,253 of Interests (99% ownership of the Trust)

The Trust

BR 79 West, DST (the "**Trust**") is a recently formed Delaware statutory trust ("**DST**") that is offering to sell (the "**Offering**") 99% of the Class 1 Beneficial Interests in the Trust (the "**Interests**") to Accredited Investors (defined below) pursuant to this Confidential Offering Memorandum (this "**Memorandum**"). Upon approval, purchasers of Interests ("**Purchasers**") will become beneficial owners of the Trust ("**Beneficial Owners**"). **You should read this Memorandum in its entirety before making an investment decision.**

The Sponsor

The Offering is sponsored by Bluerock Value Exchange, LLC ("**BVEX**" or the "**Sponsor**"), a national sponsor of syndicated Section 1031 Exchange (defined below) offerings with a focus on Class A assets that can deliver stable cash flows and that have the potential for value-creation. BVEX, a Delaware limited liability company, is an affiliate of Bluerock Real Estate, L.L.C. ("**Bluerock**"), a leading institutional alternative asset manager based in New York with regional offices across the United States. Bluerock principals have a collective 100+ years of investing experience with more than $48 billion real estate and capital markets experience and manage multiple well-recognized real estate private and public company platforms. Bluerock has more than $11.8 billion in acquired and managed assets and offers a complementary suite of public and private investment programs, with both short and long-term goals, to individual investors seeking solutions aimed at providing predictable income, capital growth, and tax benefits. All numerical data presented herein is as of September 30, 2021, unless otherwise indicated.

The Property

The property, commonly known as "79 West" is a Class A, garden-style apartment community consisting of 304 units located in Panama City Beach, part of the Panama City metropolitan statistical area (the "**Panama City Metro**") at 102 Cabana Cay Circle, Panama City Beach, Florida 32413 (the "**Property**"). The Property, completed in 2007, is situated on approximately 19.96 acres and contains 252,522 rentable square feet comprised of one and two-bedroom floor plans averaging 831 square feet per unit. The Property features top-of-the-market community amenities including a newly built clubhouse, resort style swimming pool, state-of-the-art fitness center, two spa hot tubs, bark park, elevators, guest parking, ocean views, a gazebo, and is walking distance to the beach. Apartment amenities include a balcony or patio, central air and heating, dishwasher, tile floors, and washers and dryers. In addition, select units also include an all-electric kitchen, breakfast bar, bunk room, den or study, kitchen island, walk-in closets and ocean views.

The Property is located in Panama City Beach, Florida, part of the Panama City Metro. The Property offers excellent visibility, located on the corner of Front Beach Road and FL-79 and distinguishes itself in the area as one of the few class A apartment communities with walkability to the Panama City Beach. The Property's location provides superb connectivity to all major transportation arteries in the area, including Northwest Florida Beaches International Airport, FL-79, Front Beach Road and US-98 which connects Panama City Beach to the mainland and to the central business district as well as numerous employment centers in Panama City. The Property's location delivers easy access to the major employers in the area including Tyndall Air Force Base, Gulf Coast Medical Center and Ascension Sacred Heart Bay Medical Center. Additionally, the Property is less than 2.5 miles from Pier Park and Pier Park North, providing more than one million square feet of desired retail and dining options including Old Navy, Red Robin, Starbucks, Bed Bath and Beyond, and Chili's. The Property also provides its tenants with superb walkability to some of Panama City Beach's 27 miles of white sand beaches.

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BVEX Value Creation Opportunity

BVEX is a national sponsor of syndicated Section 1031 Exchange offerings with a focus on properties that can deliver stable cash flows with the potential for value creation. BVEX believes the Property is well positioned for additional significant rental rate growth and appreciation due to strong rental demand in the area, a growing population driven by strong in-migration, and its desirable location with close proximity to Panama City Beaches. BVEX plans to implement institutional management to maximize lease and rent increase potential, install stainless steel appliances in the remaining 257 units with a targeted 38% return on investment, implementation an aggressive on-going marketing campaign, and administer state-of-the-art computerized revenue management and lease management systems, as more fully described in the Business Plan section

The Sponsor's investment objectives for the Interests will be to (i) preserve the investors' capital investment; (ii) make monthly distributions starting at 4.01% per annum in year one and projected to range from 4.01% to 5.15% per annum in years two through ten, which may be partially tax-deferred as a result of depreciation and amortization expenses, (iii) implement institutional management to maximize lease and rent increase potential and install stainless steel appliances in the remaining 257 units to create additional Property value, and (iv) sell the Property at a profit within approximately seven to ten years. Further, the Sponsor plans to achieve these objectives by, among other things, increasing the net operating income through growth in rental rates, expense control through professional property management and diligent asset management, and further enhance and efficiently market the Property's live / work / play / socialize / lifestyle attributes to appeal to more affluent tenants in order to further increase the Property's value and Purchaser's investments in the Trust. There is no guarantee that the objectives will be successfully achieved, that the Property's value will be enhanced, or that the Property will be sold within the planned time period. As of December 31, 2021, the Property was 96.7% occupied.

The Acquisition Closing

On January 13, 2022 the Trust acquired the Property for total consideration of $70,600,000 (the "**Acquisition Closing**"). Prior to the Acquisition Closing, Sponsor assigned to BR 79 West Investment Co, LLC (the "**Depositor**"), all of Sponsor's rights under the Purchase and Sale Agreement with BW 79 West Owner LLC, a Delaware limited liability company (the "**Seller**"), dated November 30, 2021, as amended (the "**Original PSA**") (such assignment, together with the Original PSA, the "**Purchase Contract**"), including an obligation on the part of Depositor to pay to the Sponsor an Acquisition Fee in the amount of $1,412,000 (i.e., 2.0% of the purchase price under the Original PSA, not inclusive of any credits), to purchase the Property for $70,600,000. Contemporaneously with the Acquisition Closing, the Depositor contributed to the Trust its rights under the Purchase Contract and sufficient cash (collectively, the "**Depositor Contribution**"), which, together with the proceeds from the Loan (defined below), enabled the Trust to acquire the Property and pay all expenses, fees and other costs associated with the acquisition. In exchange for the Depositor Contribution, the Trust simultaneously issued to the Depositor all of the Class 2 Beneficial Interests in the Trust (the "**Class 2 Beneficial Interests**"). Contemporaneously with the Acquisition Closing, the Trust obtained a mortgage loan in the original principal amount of $38,431,000 (the "**Loan**") from KeyBank National Association (the "**Lender**") under the Federal National Mortgage Association ("**Fannie Mae**") Delegated Underwriting and Servicing ("**DUS**") loan program, as evidenced by that certain Note executed by the Trust and made payable to the order of the Lender (the "**Note**").

The Master Lease

The Property is master leased (the "**Master Lease**") to BR 79 West Leaseco, LLC, a Delaware limited liability company (the "**Master Tenant**"), an affiliate of Sponsor. The Master Tenant sub-leases the apartment units to the end-user tenants pursuant to residential leases.

The Trust

The Trust is governed by that certain Amended and Restated Trust Agreement dated as of the date of the Acquisition Closing (the "**Trust Agreement**"), by and among the Depositor, BR 79 West DST Manager, LLC, a Delaware limited liability company (the "**Manager**"), and Delaware Trust Company (the "**Trustee**"). The Trust is managed by the Manager, which is an affiliate of the Sponsor.

Section 1031 Exchanges

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A tax-deferred exchange (a "**Section 1031 Exchange**") under Section 1031 of the Internal Revenue Code of 1986, as amended (the "**Code**") generally allows the seller of investment and business real property to defer federal and state capital gains taxation on the sale by exchanging certain real property for another real property of like kind. Acquisition of the Interests is designed for, but not limited to, Purchasers seeking to participate in a Section 1031 Exchange. 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 Purchasers for purposes of Code Section 1031. However, tax counsel to the Trust has provided a tax opinion that the acquisition of an Interest by a Purchaser should be treated as a direct acquisition of the Property by a Purchaser for purposes of Code Section 1031. This opinion, however, is limited in scope and does not opine on all matters necessary for the prospective Purchaser's acquisition to qualify under Code Section 1031.

"Best Efforts" Offering

This Offering of Interests is being made through the Managing Broker-Dealer (defined below), on a "best efforts" basis through the broker-dealers participating in the Offering (the "**Selling Group Members**"), who are members of the Financial Industry Regulatory Authority ("**FINRA**"). The Trust, in its sole discretion, may terminate or modify this Offering, reject purchases of Interests in whole or in part, waive conditions to the purchase of Interests, and allow investments below the minimum purchase price. Proceeds received from any Purchasers pursuant to accepted subscriptions for Interests will be held until such time as the Sponsor conducts an initial closing of such subscriptions (the "**Initial Closing**"). There is no minimum raise requirement in this Offering, and the Sponsor can hold the Initial Closing at any time once one or more subscriptions for Interests have been accepted by the Trust. The Offering will terminate on the earlier of (i) the date on which the Maximum Offering Amount (defined below) of Interests is sold or (ii) January 31, 2022 (the "**Offering Termination Date**"). The Offering Termination Date may, however, be further extended in the Sponsor's sole discretion. See "*Plan of Distribution*." Notwithstanding the foregoing, in no event shall the number of initial record holders of Interests exceed the threshold for registration under Section 12(g) of the Securities Exchange Act of 1934 (the "**Exchange Act**") or any successor provision.

Escrows, Financing and Reserves

To acquire the Property, the Trust obtained the Loan from the Lender pursuant to the terms of the Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing and additional loan documents (collectively, the "**Loan Documents**"), entered into as of the Acquisition Closing. In addition, $229,092 of the Loan proceeds will be used to fund, in advance, a portion of the Lender-controlled replacement reserve required under the Loan Documents (such reserve, the "**Lender Replacement Reserve**"). In addition to the Lender Replacement Reserve, the Lender established at the Loan closing from the Loan proceeds a tax and insurance escrow reserve in the amount of $318,287 (the "**Tax and Insurance Escrow**") and a Green Improvement Reserve in the amount of $363,069 (the "**Green Improvement Reserve**"). Further, the Trust established (and controls) a reserve funded from proceeds of the Offering for Property costs and expenses, in the amount of $2,300,000 (such reserve, the "**Supplemental Trust Reserve**").

The Loan Documents provide for a $38,431,000 Loan with a 10-year term, a 30-year amortization schedule with seven years of interest-only payments and a fixed interest rate of 3.38% per annum. On a fully-loaded basis, the loan-to-capitalization ("**LTC**") ratio is approximately 47.30%. The Loan is "non-recourse" to the Trust except for standard non-recourse carveouts contained within the Loan Documents. The Lender has additionally required, for so long as the Loan is outstanding and unless duly transferred pursuant to the terms of the Loan Documents, that the Sponsor or its affiliate retain a one percent (1.0%) beneficial interest in the Trust (the "**Retained Interest**"). Purchasers of Interests will not be required to execute personal guaranties or an environmental indemnity agreement in favor of the Lender.

In connection with the Loan, the Sponsor obtained an appraisal for the Property prepared by CBRE, Inc. ("**CBRE**") dated December 10, 2021 (the "**Appraisal**"), reflecting a market value "As-Is" for the Property, as of December 7, 2021, of $72,000,000 which is $1,400,000 higher than the purchase price.

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An investment in an Interest is highly speculative and involves substantial risks including, but not limited to:

- the lack of liquidity of, or a public market for, the Interests;
- the holding of a beneficial interest in the Trust with no voting rights with respect to the management or operations of the Trust or in connection with the sale of the Property;
- risks associated with owning, financing, operating and leasing a multifamily apartment complex and real estate generally in the Panama City Metro;
- the impact of an epidemic in the areas in which the Property is located, or a Pandemic (defined below), either of which could severely disrupt the global economy;
- economic risks with a fluctuating U.S. and world economy;
- performance of the Master Tenant under the Master Lease, including the potential for the Master Tenant to defer a portion of rent payable under the Master Lease;
- the Trust depends on the Master Tenant for revenue, and the Master Tenant will depend on the residents for revenue. Any default by the Master Tenant or the Subtenants will adversely affect the Trust's operations;
- reliance on the Master Tenant (and the Property Manager (defined below) engaged by the Master Tenant, and the Property Sub-Manager (defined below) subcontracted by the Property Manager) to manage the Property;
- risks associated with Bluerock Real Estate Holdings, LLC ("**BREH**") funding the Demand Note (defined below) that capitalizes the Master Tenant;
- risks relating to the terms of the financing for the Property, including the use of leverage;
- lack of diversity of investment;
- the existence of various conflicts of interest among the Sponsor, the Trust, the Master Tenant, the Property Manager, and their affiliates;
- material tax risks, including treatment of the Interests for purposes of Code Section 1031 and the use of exchange funds to pay acquisition costs, which may result in taxable boot;
- the Interests not being registered with the Securities and Exchange Commission (the "**SEC**") or any state securities commissions;
- risks relating to the costs of compliance with laws, rules and regulations applicable to the Property;
- risks related to competition from properties similar to and near the Property;
- the Property is located in a "Hurricane Susceptible Region," which increases the risk of damage to the Property; and
- the possibility of environmental risks related to the Property.

Purchasers must carefully consider the risk factors beginning on page 14 of this Memorandum. Neither the SEC nor any state securities commission has reviewed, approved or disapproved of this Memorandum or the Interests, nor have they passed upon the accuracy or adequacy of the information set forth in this Memorandum. Any representation to the contrary is a criminal offense.

	Cash Price To Purchasers	Sales Commissions and Expenses[1]	Proceeds to the Trust[2]
Per 0.23356% Interest (minimum purchase)[3]	$100,000	$8,650	$91,350
Maximum Offering Amount	$42,387,253	$3,666,497	$37,720,756

The date of this Memorandum is January 13, 2022.

(1) Bluerock Capital Markets LLC, a Massachusetts limited liability company, a member of FINRA and an affiliate of the Sponsor, will serve as Managing Broker-Dealer for the Offering (the "**Managing Broker-Dealer**") and will receive sales commissions (the "**Sales Commissions**") of up to 6.0% of the purchase price of the Interests sold in the Offering ("**Total Sales**") by the Selling Group Members, which it will re-allow to the Selling Group Members; provided, however, in the event a commission rate lower than 6.0% is negotiated with a Selling Group Member, the Managing Broker-Dealer will receive the lower agreed upon rate. In addition, the Managing Broker-Dealer will receive, on a non-accountable basis, and will re-allow to Selling Group Members on a non-accountable basis, allowances for marketing and due diligence expenses of up to 1.25% of Total Sales ("**Marketing/Due Diligence Expense Allowances**"). The Managing Broker-Dealer will also receive a Managing Broker-Dealer Fee of up to 1.4% of Total Sales (the "**Managing Broker-Dealer Fee"**) which it may at its sole discretion partially re-allow to the Selling Group Members. The total aggregate amount of Sales Commissions, Marketing/Due Diligence Expense Allowances and the Managing Broker-Dealer Fee (collectively, "**Sales Commissions and Expenses**") will not exceed 8.65% of Total Sales. The Trust may, in its discretion, accept purchases of Interests net of all or a portion of the Sales Commissions otherwise payable from Purchasers purchasing through a Registered Investment Advisor ("**RIA**") with whom the Purchaser has agreed to pay a fee for

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investment advisory services in lieu of commissions, and affiliates of the Trust, including the Sponsor, may purchase the Interests net of Sales Commissions and the Marketing/Due Diligence Expense Allowances. See "*Plan of Distribution*" and "*Estimated Use of Proceeds*."

(2) The Trust is offering a maximum of $42,387,253 of Interests (the "**Maximum Offering Amount**"), representing 99% of the outstanding Interests in the Trust. The proceeds shown are after deducting Sales Commissions and Expenses, but before deducting fees and expenses incurred in connection with the Depositor Contribution (defined above) and the closing of the Loan, including those payable to the Sponsor and its affiliates. See "*Estimated Use of Proceeds*" and "*Compensation and Fees.*"

(3) The minimum cash purchase price of $100,000 and deemed debt assumption of $89,760 represents a 0.23356% ownership interest in the Trust. The Trust may waive the minimum purchase requirement in its sole discretion.

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POTENTIAL PURCHASERS SHOULD CAREFULLY CONSIDER THE FOLLOWING:

Do not construe the contents of this Memorandum as legal, financial or tax advice. Consult your own independent counsel, accountant or business advisor as to legal, tax and related matters concerning an investment in Interests. Neither the Trust, the Sponsor, nor any of their affiliates makes any representation or warranty of any kind with respect to the acceptance by the IRS or any state taxing authority of your treatment of any item on your tax return or the tax consequences if you are investing in Interests as part of a Section 1031 Exchange. See "*Who May Invest.*"

Neither the Trust, nor 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 you upon request. You are encouraged to ask the Trust or the Sponsor questions concerning the terms and conditions of this Offering and the Property.

This Memorandum constitutes an offer of Interests only to the person whose name appears in the appropriate space on the cover page of this Memorandum. Furthermore, the delivery of this Memorandum does not constitute an offer, or solicitation of an offer, to purchase an Interest to anyone in any jurisdiction in which such an offer or solicitation is not authorized.

The Sponsor has prepared this Memorandum solely for the benefit of persons interested in acquiring Interests. You may not reproduce or distribute this Memorandum, in whole or in part, or disclose any of its contents without the prior written consent of the Trust or the Sponsor. You agree, by accepting delivery of this Memorandum, that, upon the request of the Trust or the Sponsor, you will immediately return this Memorandum to the Sponsor along with all other documents provided to you in connection with the Offering if you do not purchase any of the Interests or if the Offering is withdrawn or terminated.

This Memorandum contains summaries of certain agreements and other documents. While the Sponsor believes these summaries are accurate, you should refer to the actual agreements and documents for more complete information about the rights, obligations and other matters in the agreements and documents. The Sponsor will make the agreements and documents relating to this investment available to you and/or your advisors upon request, if such requested agreements and documents are readily available to the Sponsor.

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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, such forward-looking statements might not accurately predict future events or the actual performance of an investment in the Interests. In addition, you must disregard any projections and representations, written or oral that 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, nor the Sponsor, nor their affiliates have independently verified the data obtained from these sources and they cannot assure you 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.

All brand names, trademarks, service marks, and copyrighted works appearing in this Memorandum are the property of their respective owners. This Memorandum may contain references to registered trademarks, service marks, and copyrights owned by the third-party information providers. None of the third-party information providers is endorsing the offering and shall not in any way be deemed an issuer or underwriter of, the Interests, and shall not have any liability or responsibility for any statements made in this Memorandum or for any financial statements, financial projections or other financial information contained in, or attached as an exhibit to, this Memorandum.

NOTICE TO INVESTORS IN ALL STATES

The Interests are being offered only to persons who are "accredited investors" ("Accredited Investors") as that term is defined in Rule 501 promulgated under the Securities Act of 1933, as amended (the "Securities Act") and applicable state securities laws.

The Interests will not be registered under the Securities Act or the securities laws of any state. We will offer and sell the Interests in reliance on exemptions from the registration requirements of these laws. 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. You 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 your investment.

The securities laws of certain jurisdictions grant purchasers of securities sold in violation of the registration or qualification provisions of such laws the right to rescind their purchase of such securities and to receive back the consideration paid. The Sponsor believes that the Offering described in this Memorandum is not required to be registered or qualified. Many of these laws granting the right of rescission also provide that suits for such violations must be brought within a specified time, usually one year from discovery of facts constituting such violation. Should any Purchaser institute an action claiming that the Offering conducted as described herein was required to be registered or qualified, the contents of this Memorandum will be deemed to constitute notice of the facts of the alleged violation.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERENCED IN THIS MEMORANDUM IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE TRUST OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS MEMORANDUM. PROSPECTIVE PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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EXHIBIT A: MASTER LEASE
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APPENDIX I: FINANCIAL FORECAST

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SUMMARY OF THE OFFERING

The following summary provides selected limited information regarding the Offering and should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Memorandum. You should read this entire Memorandum, including "Risk Factors," before making a decision to invest in an Interest. In this Memorandum, unless the context suggests otherwise, references to "we," "us" and "our" mean the Trust and the Sponsor and, where the context permits, its affiliates that may provide services in connection with the Offering, management of the Trust, and acquisition, financing, leasing, management and disposition of the Property.

The Interests:

We are offering to Accredited Investors up to $42,387,253 in Interests in the Trust, which is the owner of the Property, as described below. The Interests being sold in this Offering will represent 99% of the outstanding beneficial interests in the Trust, if the Maximum Offering Amount of Interests is sold. The minimum purchase price is $100,000 in cash, which represents a 0.23356% beneficial ownership interest in the Trust. Although Purchasers will not assume any liability for the Loan, for purposes of determining liabilities assumed for federal income tax purposes (including in connection with a Section 1031 Exchange), each Purchaser should be deemed to have assumed $89,760 of mortgage debt for each 0.23356% beneficial ownership Interest that he, she or it acquires. The price of an Interest will include a pro rata portion of the value of the Property, Organization and Offering Expenses Allowance, Sales Commissions, Marketing/Due Diligence Expense Allowances, Managing Broker-Dealer Fee, Loan-Related Costs (defined below), Other Closing Costs (defined below), the Sponsor's Acquisition Fee (defined below), the Green Improvement Reserve and the Supplemental Trust Reserve. See "*Estimated Use of Proceeds*" and "*Compensation and Fees*."

Investment Objectives and Risks:

The Sponsor's investment objectives for the Interests will be to (i) preserve the investors' capital investment, (ii) make monthly distributions starting at 4.01% per annum in year one and projected to range from 4.01% to 5.15% per annum in years two through ten, which may be partially tax-deferred as a result of depreciation and amortization expenses, (iii) implement institutional management to maximize lease and rent increase potential and install stainless steel appliances in the remaining 257 units to create additional Property value, and (iv) sell the Property at a profit within approximately seven to ten years. Further, the Sponsor plans to achieve these objectives by, among other things, increasing the net operating income through growth in rental rates, expense control through professional property management and diligent asset management, and further enhance and efficiently market the Property's live / work / play / socialize / lifestyle attributes to appeal to more affluent tenants in order to further increase the Property's value and Purchaser's investments in the Trust. See "*Business Plan*." There is no guarantee that the objectives will be successfully achieved, that the Property's value will be enhanced, or that the Property will be sold within the planned time period. An investment in the Interests involves substantial risks. See "*Risk Factors*."

The Property:

The Property, commonly known as "79 West" is a Class A, garden-style apartment community consisting of 304 units located in Panama City Beach, part of the Panama City Metro at 102 Cabana Cay Circle, Panama City Beach, Florida 32413. The Property, completed in 2007, is situated on

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approximately 19.96 acres and contains 252,522 rentable square feet comprised of one and two-bedroom floor plans averaging 831 square feet per unit. The Property features top-of-the-market community amenities including a newly built clubhouse, resort style swimming pool, state-of-the-art fitness center, two spa hot tubs, bark park, elevators, guest parking, ocean views, a gazebo, and is walking distance to the beach. Apartment amenities include a balcony or patio, central air and heating, dishwasher, tile floors, and washers and dryers. In addition, select units also include an all-electric kitchen, breakfast bar, bunk room, den or study, kitchen island, walk-in closets and ocean views.

The Property is located in Panama City Beach, Florida, part of the Panama City Metro. The Property offers excellent visibility, located on the corner of Front Beach Road and FL-79 and distinguishes itself in the area as one of the few class A apartment communities with walkability to the Panama City Beach. The Property's location provides superb connectivity to all major transportation arteries in the area, including Northwest Florida Beaches International Airport, FL-79, Front Beach Road and US-98, which connects Panama City Beach to the mainland and to the central business district as well as numerous employment centers in Panama City. The Property's location delivers easy access to the major employers in the area including Tyndall Air Force Base, Gulf Coast Medical Center and Ascension Sacred Heart Bay Medical Center. Additionally, the Property is less than 2.5 miles from Pier Park and Pier Park North, providing more than 1 million square feet of desired retail and dining options including Old Navy, Red Robin, Starbucks, Bed Bath and Beyond, and Chili's. The Property also provides its tenants with superb walkability to some of Panama City Beach's 27 miles of white sand beaches.

BVEX Value Creation Strategy:

BVEX will seek to add value to the Property through the implementation of the following items (further detailed in the "*Business Plan*" section): (i) preserve the investors' capital investment, (ii) make monthly distributions starting at 4.01% per annum in year one and projected to range from 4.01% to 5.15% per annum in years two through ten, which may be partially tax-deferred as a result of depreciation and amortization expenses, (iii) implement institutional management to maximize lease and rent increase potential and install stainless steel appliances in the remaining 257 units to create additional Property value, and (iv) sell the Property at a profit within approximately seven to ten years. Further, the Sponsor plans to achieve these objectives by, among other things, increasing the net operating income through growth in rental rates, expense control through professional property management and diligent asset management, and further enhance and efficiently market the Property's live / work / play / socialize / lifestyle attributes to appeal to more affluent tenants in order to further increase the Property's value and Purchaser's investments in the Trust. There is no guarantee that the objectives will be successfully achieved, that the Property's value will be enhanced, or that the Property will be sold within the planned time period. As of December 31, 2021, the Property was 96.7% occupied.

Depositor and Depositor Contribution:

The Trust acquired the Property from Seller at the Acquisition Closing on January 13, 2022 for total consideration of $70,600,000. Prior to the

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Acquisition Closing, the Depositor took an assignment of and then subsequently contributed to the Trust its rights under the Purchase Contract, to enable the Trust to close upon and acquire the Property. The Trust partially financed its acquisition, including all expenses, fees and costs, with the cash portion of the Depositor Contribution. The cash portion of the Depositor Contribution included proceeds of bridge financings from related and unrelated parties (the "**Bridge Financing**"). The Bridge Financing is not secured by any lien on or direct interest in the Trust, the Property, the Master Lease, the Master Tenant, or any of the Class 2 Beneficial Interests. Under the Trust Agreement, the Trust is obligated to use net proceeds from the sale of Interests to redeem a proportionate amount of the Depositor's Class 2 Beneficial Interests (excluding the Retained Interest). As such, if the Maximum Offering Amount is achieved, the Depositor will receive, through the redemption of the Class 2 Beneficial Interests, an amount equal to the Depositor Contribution and will retain the Retained Interest.

The Sponsor and the Master Tenant:

The Offering is sponsored by BVEX, a national sponsor of syndicated Section 1031 Exchange offerings with a focus on Class A assets that can deliver stable cash flows and that have the potential for value creation. BVEX is an affiliate of Bluerock. Bluerock is a private equity real estate investment firm that has sponsored real estate transactions exceeding 36 million square feet of primarily apartments. Bluerock's senior management team has an average of over 30 years of investing experience with more than $48 billion real estate and capital markets experience and have helped launch leading real estate private and public company platforms.

The Trust master leased the Property to the Master Tenant pursuant to the Master Lease. The Master Tenant is managed by BR 79 West Leaseco Manager, LLC, an affiliate of the Sponsor. The Master Lease is subject to the existing apartment leases with end-user tenants who sublease the Property from the Master Tenant. A copy of the Master Lease is attached to this Memorandum as Exhibit A.

The Trust:

Each Purchaser will acquire beneficial ownership interests in the Trust subject to the terms of the Trust Agreement, and will thereupon become a Beneficial Owner of the Trust. The Trust Agreement will govern the rights and obligations of the Beneficial Owners with respect to the Trust. A copy of the Trust Agreement is attached to this Memorandum as Exhibit B.

The Trust has two classes of Interests: (1) the Interests; and (2) the Class 2 Beneficial Interests. Simultaneous with the Acquisition Closing and in exchange for the Depositor Contribution to the Trust, the Trust issued to the Depositor all of the Class 2 Beneficial Interests, which initially constituted 100% of the issued and outstanding beneficial interests in the Trust.

Pursuant to this Offering, the Trust is offering Interests for sale to prospective Purchasers. As Interests are sold to Purchasers, up to 99% of the Depositor's Class 2 Beneficial Interests will be redeemed by the Trust on a one-for-one basis until the Maximum Offering Amount has been achieved and all Interests have been sold.

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The Trust may and shall retain and utilize the first $2,300,000 of the net proceeds received by the Trust from the sale of Interests to fund the Supplemental Trust Reserve. Thereafter, the net proceeds will be used by the Trust, in accordance with the Trust Agreement, to repay the Bridge Financing including a blended carry cost of approximately 5.11% per annum (the "**Carry Costs**"). After the Bridge Financing has been repaid in full, the Trust will retain and utilize any remaining net proceeds to fund any reimbursements, compensation and fees owed to the Sponsor and/or its affiliates in connection with the Offering.

With regard to the foregoing, the term "net proceeds" from the sale of Interests will be equal to the purchase price of each Class 1 Interest, less the Sales Commissions, Marketing/Due Diligence Expense Allowances, Managing Broker-Dealer Fee and Organization and Offering Expenses allocable to each such sale. See "*Estimated Use of Proceeds*" and "*Compensation and Fees*."

Management of the Trust:

BR 79 West DST Manager, LLC serves as the Manager of the Trust. The Manager has the power and authority to manage substantially all of the affairs and limited investment activities of the Trust, the primary responsibility for performing administrative actions in connection with the Trust, and the sole power to determine when it is appropriate to sell the Property, all of such power and authority limited to the extent such powers and authority are materially consistent with the powers and authority conferred upon the trustee in Revenue Ruling 2004-86. The Manager is managed by senior members of the Sponsor's management team. See "*Management.*"

The Trust will terminate upon the first to occur of (i) the sale of the Property or (ii) a Transfer Distribution (defined below). The Manager shall sell all of the Trust's right, title and interest in and to the Master Lease and the end-user leases, the Property and any and all other property and assets and interests of the Trust (collectively, the "**Trust Estate**") upon its determination (in its sole discretion) that the sale of the Trust Estate is appropriate; provided, however, that absent unusual circumstances, it is currently anticipated that the Trust will hold the Trust Estate for at least two years.

For purposes of this Memorandum, a "**Transfer Distribution**" shall be deemed to occur in the event the Manager determines that the Master Tenant is insolvent or has defaulted in paying rent, that the Trust Estate is in jeopardy of being lost due to a default or imminent default on the Loan, or in certain other circumstances, and the Manager further determines to transfer title to the Trust Estate to a newly-formed Delaware limited liability company (the "**Springing LLC**") and terminate the Trust. If the Trust is terminated pursuant to a Transfer Distribution, the Beneficial Owners will become members in the Springing LLC, and the Manager, or an entity controlled by the Manager, will become the manager of the Springing LLC. See "*Summary of the Trust Agreement*."

Master Lease:

The Trust master leased the Property to the Master Tenant. The Master Tenant will operate the Property pursuant to the Master Lease and its Leases with Subtenants of the Property. The Master Lease is, with certain

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exceptions regarding Landlord Costs (defined below), an "absolute net" lease, allocating to the Master Tenant all expenses and debt service obligations associated with the Property; provided, however, the Trust is obligated under the Master Lease to reimburse the Master Tenant for any expenses incurred to make repairs to maintain the Property and for expenditures with respect to (1) repairs and replacements of the structure, foundations, roofs, exterior walls, parking lots and improvements to meet the needs of tenants; (2) leasing commissions; (3) certain hazardous substances costs; (4) any repairs identified in the PCA Report (as defined herein), or similar engineering report, performed in connection with the acquisition of the Property; and (5) other improvements or replacements to the Property that would be considered Capital Expenditures (as defined in the Master Lease) or are required by law (collectively, "**Landlord Costs**"). The Master Tenant has the right to utilize certain reserves, including the Supplemental Trust Reserve, to the extent available and as permitted under the Master Lease and the Loan Documents, to meet its obligations. The Master Lease commenced on the date of the Acquisition Closing, and shall continue for a base term expiring April 30, 2032, unless sooner terminated pursuant to the terms of the Master Lease.

The Master Tenant is a newly-formed Delaware limited liability company capitalized with a non-interest bearing demand note from BREH in the amount of $510,000 (the "**Demand Note**"), but does not have other substantial assets except its leasehold interest in the Property under the Master Lease. See "*Risk Factors – Risks Relating to the Master Tenant and the Master Lease – The Sponsor's Affiliate May Be Unable to Fulfill its Obligations Under the Demand Note.*"

Pursuant to the Master Lease, the Master Tenant must pay to the Trust the following amounts as "**Rent**" on a monthly basis: (1) an amount equal to the debt service payments required under the Loan Documents, including principal and interest payments and all required deposits for all Lender required reserves (collectively, "**Base Rent**"); (2) the amount the gross revenues exceed the Additional Rent Breakpoint (as defined in the Master Lease and set forth in the table below), after deduction of the Asset Management Fee (as defined in the Master Lease) which Asset Management Fee may be deferred, up to a maximum annual ceiling, as applicable ("**Additional Rent**"); and (3) when Base Rent and Additional Rent have been fully paid, an amount equal to 90% of the amount by which annual gross revenues exceed the Supplemental Rent Breakpoint (as defined in the Master Lease and set forth in the table below) with the Master Tenant retaining an amount equal to 10% by which annual gross revenues exceed the Supplemental Rent Breakpoint. 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 will not be available for distributions to the Trust or the Purchasers. See Appendix I: Financial Forecast for the anticipated results of operations for the Trust and Rent pro forma financial projections.

Additionally, the Master Lease contemplates certain uncontrollable costs with respect to the Property, (as defined in the Master Lease, the "**Projected Uncontrollable Costs**");in the event that (a) the Projected Uncontrollable

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Costs for any calendar year exceed the actual uncontrollable costs, Master Tenant is required to pay the Trust the amount of such excess; and (b) if the actual uncontrollable costs for any calendar year exceed the Projected Uncontrollable Costs, Master Tenant is responsible for the payment of such excess, but is entitled to a reimbursement by offsetting such amount against monthly Additional Rent and (if necessary) annual Supplemental Rent.

If the Property's operating cash flow for a period is insufficient to pay all of the associated expenses of the Property and the full Base Rent, then it is expected that the Master Tenant may defer the payment of a portion of the monthly Additional Rent and annual Supplemental Rent due under the Master Lease until cash flow becomes available to pay such shortfall amounts or upon disposition of the Property. Additionally, the Property Manager may elect to be paid less than the full amount of the Asset Management Fee to which it is entitled under the Property Management Agreement, in which event the Property Manager may also elect to defer or accrue such amounts, without interest, to be paid at a later point in time. Any deferred and accrued Asset Management Fees will be due and payable in full upon a disposition of the Property from the proceeds of the sale thereof. The capitalized terms herein shall have their meanings as set forth in the Master Lease and the Property Management Agreement.

The following table sets forth certain amounts included in the calculation of Rent including the amount of projected annual Supplemental Rent. Changes in the debt service portion (i.e., the Base Rent) could cause the monthly Base Rent to be higher or lower than as projected below. Not depicted in the following table, Rent for the final three months of the Term shall be at the same rate as Year 2032. See "*Summary of the Master Lease*." Projected Supplemental Rent represents the Landlord's estimate as of the date hereof, but is not a contractual obligation.

Lease Period	Base Rent	Gross Revenue Additional Rent Breakpoint	Additional Rent Annual Maximum	Gross Revenue Supplemental Rent Breakpoint	Projected Supplemental Rent
2022 (11 months)	$1,205,153	$3,328,000	$1,570,250	$4,898,000	$2,307
2023	$1,317,009	$3,720,000	$1,854,200	$5,574,000	$50,721
2024	$1,320,617	$3,810,000	$1,854,200	$5,664,000	$250,785
2025	$1,317,009	$3,960,000	$1,854,200	$5,814,000	$279,142
2026	$1,317,009	$4,080,000	$1,854,200	$5,934,000	$338,395
2027	$1,317,009	$4,180,000	$1,854,200	$6,034,000	$420,856
2028	$1,320,617	$4,300,000	$1,854,200	$6,154,000	$490,554
2029	$1,981,948	$4,920,000	$1,854,200	$6,774,000	$115,649
2030	$2,040,101	$5,070,000	$1,854,200	$6,924,000	$169,304
2031	$2,040,101	$5,160,000	$1,854,200	$7,014,000	$282,689
2032 (1 month)	$170,008	$430,000	$154,517	$585,000	$31,498

Property Management:

The Master Tenant entered into a property management agreement (the "**Property Management Agreement**") with Bluerock Property Management, LLC, a Michigan limited liability company (the "**Property Manager**"), an affiliate of the Sponsor. See "*Summary of the Property Management Agreement,*" and a copy of the Property Management

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Agreement is attached to this Memorandum as Exhibit C.

The Property Manager has subcontracted all day-to-day, on-site management, leasing and related functions for the Property to a sub-manager (the "**Property Sub-Manager**"). The initial Property Sub-Manager is Rivergate KW Residential, LLC ("**RKW Residential**"). Based in Charlotte, North Carolina, RKW Residential's management team has 100+ years combined experience in managing multifamily real estate. The firm's principals have extensive experience in multifamily investments and property management including acquisitions/dispositions, developments, lease-ups, stabilized, and value-add assets. With a combined 1,300 team members, the firm manages over 28,000 multifamily units in a six state footprint.

Financing & Lender-Controlled Reserves;

In connection with the Acquisition Closing, the Trust obtained the Loan, in the original principal amount of $38,431,000, from the Lender pursuant to the Fannie Mae DUS loan program. In addition to the acquisition of the Property and other closing costs, Loan proceeds will be used to fund a portion of the Lender Replacement Reserve in an estimated amount of $229,092, a Tax and Insurance Escrow in an estimated amount of $318,287, and the Green Improvement Reserve in the amount of $363,069.

The Loan Documents provide for a 10-year Loan term, with seven years interest payments only and a 30-year amortization schedule thereafter, and a fixed interest rate of 3.38% per annum.

The Property is subject to a first mortgage and other standard collateral rights granted in favor of the Lender, to secure the Trust's obligations under the Loan Documents. Additionally, the Loan Documents require, for so long as the Loan is outstanding, that the Depositor retain Class 2 Beneficial Interests equal to not less than 1.0% beneficial interest in the Trust. The Loan is "non-recourse" to the Trust except for standard non-recourse carveouts contained within the Loan Documents.

Purchasers, as Beneficial Owners in the Trust, will not be required to execute personal guaranties for any portion of the Loan, and will not incur any personal liability with respect to the operation of the Property or under the Loan Documents, including liability for environmental claims. However, since the Property secures the Trust's obligations under the Loan, Beneficial Owners could lose their entire investment if the Trust were to default on the Loan and the Lender were to foreclose on the Property. See "*Risk Factors – Risks Relating to Financing of the Property*."

Purchasers of Interests should be deemed for federal income tax purposes, including for purposes of Code Section 1031, to have assumed their pro rata portion of the principal amount of the Loan. See "*Federal Income Tax Consequences*."

The Property is leveraged with a loan-to-total capitalization ratio of approximately 47.30%, based on the Maximum Offering Amount for the Interests and the amount of the Loan.

Before investing, you should carefully consider the potential liabilities described under "*Acquisition and Contribution of the Property and*

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	Financing Terms" and the risk factors set forth under "*Risk Factors - Risks Related to Financing of the Property.*"
Trust-Controlled Reserves:	In addition to the Lender Replacement Reserve, the Trust will establish and control the Supplemental Trust Reserve, in the initial amount of $2,300,000 to be funded as a first priority from Offering proceeds, for Property and amenity upgrades, renovations, and other costs and expenses (including Landlord Costs and amounts as may be required from the Lender Replacement Reserve), which may be drawn upon by the Master Tenant as provided in the Master Lease.
Purchaser Suitability Requirements:	You should purchase Interests only if you have substantial financial means and you have no need for liquidity in your investment. Only Accredited Investors who meet certain minimum financial and other requirements as described in the "*Who May Invest*" section of this Memorandum may acquire Interests in this Offering, including (i) a minimum net worth requirement ($1,000,000 for individuals, including spouse or spousal equivalent), excluding the value of your primary residence), (ii) a minimum annual income requirement for the past two years ($200,000 per year for an individual; or $300,000 per year, including spouse or spousal equivalent), (iii) an individual who is licensed and in good standing as a (a) General Securities Representative (Series 7), (b) Licensed Investment Adviser Representative (Series 65), or (c) Licensed Private Securities Offerings Representative (Series 82), or (iv) a "knowledgeable employee" as defined under the Investment Company Act of 1940, of the Trust or the Trustee or an affiliated management person of the Trust, such as the Sponsor. Prospective Purchasers of an Interest who are not individuals will be required to meet other accreditation tests. **Interests are not suitable investments for qualified plans, individual retirement accounts, tax-exempt entities or foreign persons**. See "*Who May Invest*."
Plan of Distribution:	The Selling Group Members will make offers and sales of Interests on a "best efforts" basis. The commissions and expense reimbursements to the Selling Group Members are described in "*Estimated Use of Proceeds*" and "*Plan of Distribution*" below.
Offering Termination Date:	The Offering will terminate on the Offering Termination Date which is the earlier of (i) the date on which the Maximum Offering Amount of Interests is sold or (ii) January 31, 2023. The Offering Termination Date may, however, be further extended in the Sponsor's sole discretion.
Sponsor Retained Interest:	The Sponsor or an affiliate anticipates retaining a one percent (1.0%) beneficial interest in the Trust (the "**Retained Interest**"). The Sponsor or affiliate holding the Retained Interest will have the right, in its sole discretion and subject to the terms of the Loan Documents, to transfer (or cause the transfer of) a portion or all of the Retained Interest for estate planning purposes, either directly or through one or more interim transfers.
Purchases of Interests:	Prospective Purchasers must follow the instructions set forth in, and complete, a purchase agreement and questionnaire, attached hereto as Exhibit E (the "**Purchase Agreement**"). The Trust may accept or reject a prospective Purchaser's Purchase Agreement in its sole discretion. If the Trust does not accept a Purchase Agreement within 30 days of its submission, then it will be deemed rejected. In the event a Purchase

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Agreement is rejected, the full amount of any check or wired funds sent by the Prospective Purchaser will be returned.

Compensation to Sponsor and its Affiliates: The Sponsor and its affiliates will receive substantial compensation and fees from the sourcing, due diligence and completion of the acquisition of the Property, and in connection with the Offering and sale of Interests and the management, financing, leasing, operation and disposition of the Property, which may include but are not limited to rents from the Property in excess of the amounts the Master Tenant is required to pay to the Trust under the Master Lease, the Property Management Fee, the Asset Management Fee, Loan-Related Costs, the Acquisition Fee, a portion of the Carry Costs, and the Disposition Fees (defined below). See "*Compensation and Fees*."

Reports: The Trust will prepare and send to each Purchaser unaudited, quarterly financial and operational reports and an annual report containing a cash basis audited trust-level year-end balance sheet and income statement. In addition, the Trust will send to each Purchaser such tax information as may be necessary for the preparation of the Purchaser's tax returns. See *"Reports*."

Federal Income Tax Consequences: In connection with the Offering, we have obtained from our tax counsel, Baker & McKenzie LLP ("**Tax Counsel**"), a legal opinion (the "**Tax Opinion**") stating that:

- the Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation Section 301.7701-4(a);
- the Beneficial Owners should be treated as "grantors" of the Trust;
- as "grantors" of the Trust, the Beneficial Owners should be treated as owning an undivided fractional interest in the Property for federal income tax purposes;
- the Interests should not be treated as securities for purposes of Code Section 1031;
- the Interests should not be treated as certificates of trust or beneficial interests for purposes of Code Section 1031;
- the Master Lease should be treated as a true lease and not a financing for federal income tax purposes;
- the Master Lease should be treated as a true lease and not a deemed partnership for federal income tax purposes;
- the discussions of the federal income tax consequences contained in this Memorandum are correct in all material respects; and
- certain judicially created doctrines should not apply to change the foregoing conclusions.

A copy of the Tax Opinion is attached as Exhibit D to this Memorandum.

The opinion is written to support the promotion or marketing of the Offering, and each Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor.

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

Each Purchaser must consult with his, her or its tax advisor concerning the identification requirements under Code Section 1031 and other requirements for successfully completing a qualifying like-kind exchange under Code Section 1031.

THE PURCHASERS WILL ACQUIRE THEIR INTERESTS WITHOUT ANY REPRESENTATIONS OR WARRANTIES FROM THE TRUST, THE SPONSOR, THE MANAGER OR ANY OF THEIR AFFILIATES OR REPRESENTATIVES, AGENTS, OR COUNSEL REGARDING THE TAX IMPLICATIONS OF THE TRANSACTION. EACH PURCHASER MUST CONSULT HIS, HER OR ITS OWN INDEPENDENT ATTORNEYS, ACCOUNTANTS AND OTHER TAX ADVISORS REGARDING THE TAX IMPLICATIONS OF A PURCHASE OF AN INTEREST, INCLUDING WHETHER SUCH PURCHASE WILL QUALIFY AS PART OF A PROPOSED TAX-DEFERRED EXCHANGE UNDER CODE SECTION 1031, 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 Purchasers 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 of a Code Section 1031 Exchange,*" "*Other Tax Risks," and "Federal Income Tax Consequences,*" and consult with your personal tax advisor before making an investment in Interests.

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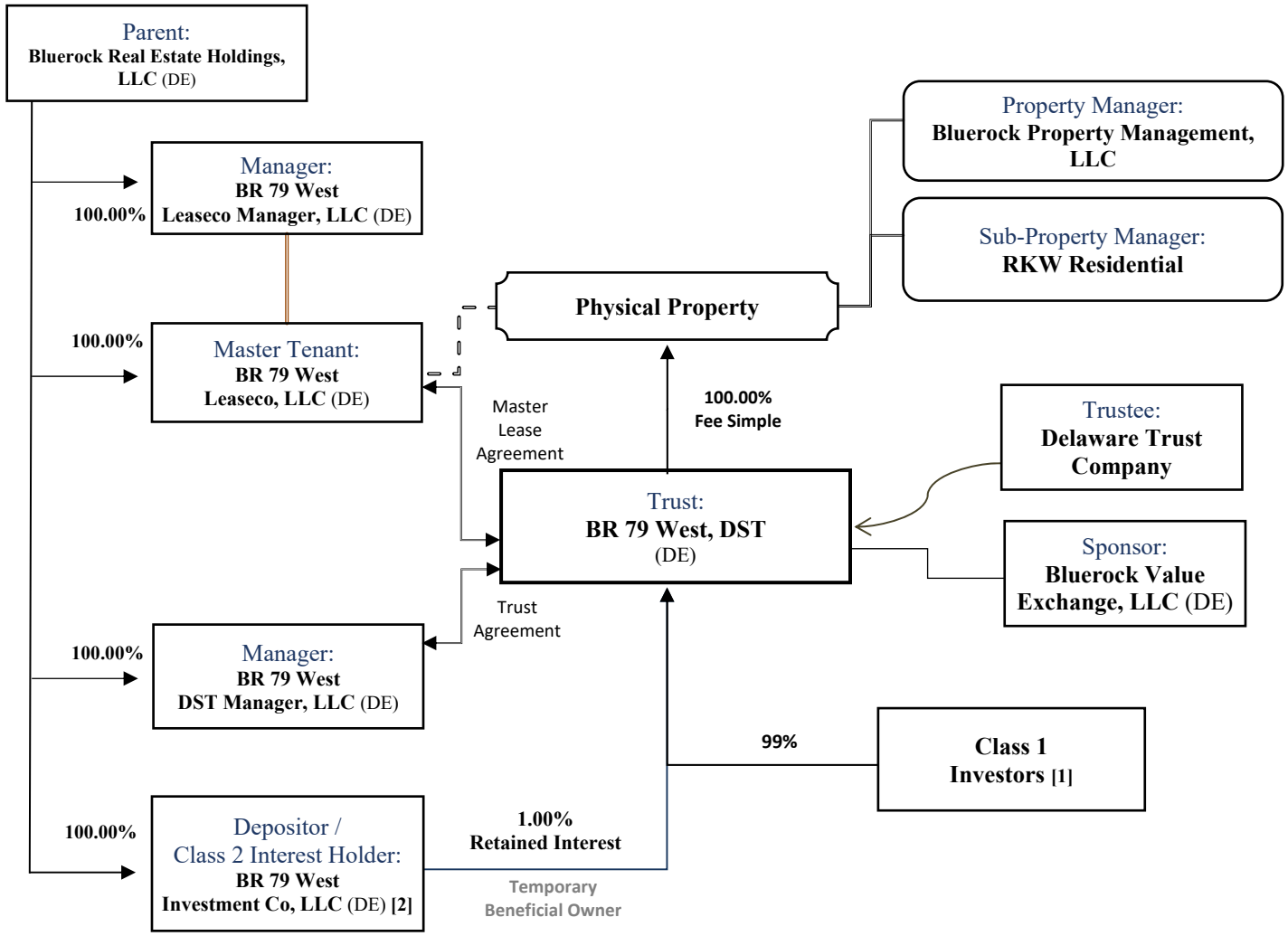
ORGANIZATIONAL CHART



Notes/Comments:
[1] Class 1 Investors will be third-party Accredited Investors.

[2] BR 79 West Investment Co, LLC will be initially issued all unsold Class 2 DST Interests, which will be redeemed to permit Class 1 DST Interests to be issued as third-party investors invest in the DST through the Offering. At the conclusion of the Offering, Depositor will retain a 1.00% interest in the Trust. The Depositor's common membership interests are ultimately owned in equivalent proportion by Bluerock Real Estate Holdings, LLC and an unrelated third-party. Additionally, Bluerock Real Estate Holdings, LLC and an unrelated third-party also own preferred membership interests in Depositor.

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FREQUENTLY ASKED QUESTIONS

We have summarized certain aspects of the Offering below. The responses to these frequently asked questions do not contain all of the information a prospective Purchaser should consider before making a decision to purchase an Interest. Read this Memorandum in its entirety and consult with your legal, tax and financial advisors about making an investment in an Interest.

Who is the Sponsor?

Sponsor is a Delaware limited liability company, wholly-owned by Bluerock. Bluerock is a leading institutional alternative asset manager based in New York with regional offices across the United States. Bluerock principals have a collective 100+ years of investing experience with more than $48 billion real estate and capital markets experience and manage multiple well-recognized real estate private and public company platforms. Bluerock has more than $11.8 billion in acquired and managed assets and offers a complementary suite of public and private investment programs, with both short and long-term goals, to individual investors seeking solutions aimed at providing predictable income, capital growth, and tax benefits.

How is the Property Owned?

The Trust owns the Property in fee simple. The Property was purchased by the Trust from an unaffiliated third-party seller at the Acquisition Closing. This Offering is for Interests in the Trust. The Property is master leased by the Trust to the Master Tenant, and the Master Tenant sub-leases the apartment units to the end-user tenants. The Trust is managed by the Manager.

What is a Delaware Statutory Trust?

The Trust is a Delaware Statutory Trust ("**DST**"). An offering of DST interests is used to syndicate real estate while preserving Purchasers' ability to exchange their relinquished property for Interests in the Trust in connection with a Section 1031 Exchange, and upon a sale of the Property, engage in a subsequent like-kind exchange (assuming the tax status of the DST remains unchanged). The DST structure provides certain advantages over a tenant-in-common structure. Some of the advantages of owning property under the DST structure are (1) more favorable financing terms; (2) no personal liability for beneficiaries under the financing of the property; and (3) lower transaction costs including lower administrative costs. The primary disadvantage of the DST structure is that the manager of the trust is limited in the actions it may take to address issues that may arise in connection with the ownership of the property. Additionally, while a tenant-in-common structure requires investor consent for certain material actions, in a DST structure, the Beneficial Owners have no right to participate in the Trust's management.

What is the Springing LLC?

A Transfer Distribution occurs in the event that the Manager determines the Master Tenant is insolvent or has defaulted in paying rent, that the Property is in jeopardy of being lost due to a default or imminent default on the Loan, or in certain other circumstances, and the Manager further determines to address such risks by transferring title to the Property to the Springing LLC, a newly-formed Delaware limited liability company, and terminate the Trust. If the Trust is terminated pursuant to a Transfer Distribution, the Beneficial Owners will become members in the Springing LLC, and the Manager, or an entity controlled by or affiliated with the Manager, will become the manager of the Springing LLC.

How is the Master Tenant Capitalized?

The Master Tenant is a newly-formed Delaware limited liability company and an affiliate of the Sponsor, capitalized with the Demand Note from BREH, an affiliate of the Sponsor, in the amount of $510,000.

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Will there be Debt on the Property?

Yes. Code Section 1031 generally requires taxpayers to offset debt on their relinquished property with equal or greater debt on their replacement property (or additional cash from another source). Purchasers who are exchanging relinquished property with a larger amount of debt than the proportionate amount of the Loan they are deemed to have assumed for tax purposes in connection with the acquisition of an Interest may recognize taxable gain (although additional cash from another source may offset the reduction in debt).

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

Yes. You are responsible for all costs associated with your independent accountant, tax advisor, financial advisor and attorney in connection with the purchase of Interests. Please note that these costs should not be funded from the Section 1031 Exchange escrow held by your qualified intermediary, if applicable.

How do I find a qualified intermediary?

If you do not currently have a qualified intermediary, the Sponsor can provide a list of qualified intermediaries familiar with this type of sophisticated transaction upon request.

What if I want to sell my Interest before the Property is sold?

The Interests are being offered and sold pursuant to exemptions from the registration provisions of federal and state securities laws. Accordingly, the Interests are subject to restrictions on transfer (and the Trust Agreement and the Loan Documents contain additional transfer restrictions). If you are able to sell your Interest, you or your purchaser(s) will bear the costs, if any, of the sale or transfer.

Will I be subject to state income tax in the state in which the Property is located?

Some states have income thresholds that must be exceeded to be subject to income tax, but 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.

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RISK FACTORS

The purchase of an Interest involves a number of risks. Do not acquire an Interest if you cannot afford to lose your entire investment. Carefully consider the risks described below, as well as the other information in this Memorandum before making a decision to purchase an Interest. Consult with your legal, tax and financial advisors about an investment in an Interest. The risks described below are not the only risks that may affect an investment in an Interest. Additional risks and uncertainties that we do not presently know or have not identified may also materially and adversely affect the value of an Interest, the Property or the performance of your investment.

Legal Counsel to the Trust, the Sponsor and Their Affiliates Does Not Represent the Purchasers. Each Purchaser must acknowledge and agree in the Purchase Agreement that legal counsel, including Baker & McKenzie LLP and Kaplan Voekler Cunningham & Frank PLC, represents the Trust, the Sponsor, the Manager, the Master Tenant, the Depositor and their affiliates and does not represent, and will not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the Purchasers.

Delaware Statutory Trust Structure Risks

Beneficial Owners Possess Limited Control and Rights. The Trust will be operated and managed solely by the Trustee and the Manager. Purchasers, as Beneficial Owners, will have no right to participate in any aspect of the operation or management of the Trust. The Trustee and the Manager will not consult with the Beneficial Owners when making any decisions with respect to the Trust and the Property, including whether to sell the Property or effectuate a Transfer Distribution. The Beneficial Owners waive any right to file a petition in bankruptcy on behalf of the Trust or to consent to any filing of an involuntary bankruptcy proceeding involving the Trust. The Manager will collect the rents due from the Master Tenant under the Master Lease and make distributions therefrom in accordance with the terms of the Trust Agreement. The Manager will seek to sell the Property in accordance with the provisions of the Trust Agreement, which provides that the Manager has sole discretion to determine when it is appropriate to sell the Property. The Trustee may remove the Manager only for cause (fraud or gross negligence causing material damage to, or diminution in value of, the Property), but only if the Lender consents (to the extent there is an outstanding Loan).

Beneficial Owners Do Not Have Legal Title. The Beneficial Owners will not have legal title to the Property. The Beneficial Owners will not have any right to seek an in-kind distribution of the Property or divide or partition the Property. The Beneficial Owners do not have the right to sell or cause the sale of the Property. The Trust Manager will be responsible for making decisions with regard to, among other things, selling the Property.

The Trustee and the Manager Have Limited Duties to Beneficial Owners. The Trustee of the Trust and the Manager will not owe any duties to the Beneficial Owners other than those duties set forth in the Trust Agreement. In performing its duties under the Trust Agreement, the Trustee will only be liable to the Beneficial Owners for its own willful misconduct, bad faith, fraud or gross negligence. Similarly, the Manager will only be liable to the Beneficial Owners for its own fraud or gross negligence.

The Trustee and the Manager Have Limited Powers, and the Trust May Therefore Face Increased Termination Risk. In order to comply with the tax law regarding investment trusts and Section 1031 Exchanges, the Trust Agreement expressly prohibits the Trustee and the Manager from taking a number of actions, including the following: (a) selling, transferring or exchanging the Property except as required or permitted under the Trust Agreement; (b) reinvesting any monies of the Trust, except to make permitted modifications or repairs to the Property or in short-term liquid assets; (c) renegotiating the terms of the Loan or entering into new financing, except in the case of the bankruptcy or insolvency of the Master Tenant or another tenant; (d) renegotiating the Master Lease or entering into new leases, except in the case of the Master Tenant's bankruptcy or insolvency; (e) making modifications to the Property (other than minor non-structural modifications) unless required by law; (f) accepting any capital from a Beneficial Owner (other than capital from a Purchaser that will be used to fund the Supplemental Trust Reserve or repurchase the Depositor's Class 2 Beneficial Interests and thereby reduce the Depositor's ownership interest in the Trust); or (g) taking any other action that would, in the opinion of Tax Counsel to the Trust, cause the Trust to be treated as a business entity for federal income tax purposes.

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As a result, the Trust may be required to effectuate a Transfer Distribution in order to take the actions necessary to preserve and protect the Property. See "*Summary of the Trust Agreement*." While the Property will remain subject to the Loan after such conversion or transfer, the Beneficial Owners will no longer be considered to own, for federal income tax purposes, a direct ownership interest in the Property.

Management and Indemnification. The Manager will have administrative authority with respect to the Trust. The Trust Agreement will require the Beneficial Owners to indemnify the Trustee against liabilities not attributable to the Trustee's own willful misconduct, bad faith, fraud or gross negligence, and to indemnify the Manager against liabilities not attributable to the Manager's own fraud or gross negligence. Such indemnity and limitation of liability may limit rights that Beneficial Owners would otherwise have to seek redress against the Trustee and the Manager.

Rev. Rul. 2004-86. The utilization of a DST (like the Trust) to acquire and hold property for purposes of a Section 1031 Exchange is based primarily on Rev. Rul. 2004-86, which sets forth terms under which a trust will be treated as an "entity" that is taxable as a "trust" rather than taxable as a partnership. It is possible that the IRS could modify or revoke Rev. Rul. 2004-86 or, in the alternative, determine that the Trust does not comply with the requirements of that ruling. A determination that the Trust is not taxable as a trust (within the meaning of Treasury Regulation Section 301.7701-4) could have a significant adverse impact on the Beneficial Owners.

Sale. The Manager will sell the Trust Estate upon its determination (in its sole discretion) that the sale of the Trust Estate is appropriate; provided, however, that absent unusual circumstances, it is currently anticipated that the Trust will hold the Trust Estate for at least two years. This sale will occur without regard to the tax position, preferences or desires of any of the Beneficial Owners, and the Beneficial Owners will have no right to approve (or disapprove) of the sale of the Property. The Beneficial Owners will not have the right to sell the Property. A Beneficial Owner may or may not be able to defer the recognition of gain for federal, state or local income tax purposes when a sale occurs.

Transfer to Newly-Formed Delaware Limited Liability Company. If the Manager determines that it is necessary to effectuate a Transfer Distribution, the Trust will transfer the Property to the Springing LLC, a newly-formed Delaware limited liability company. The Springing LLC will be treated as a partnership for federal income tax purposes, and the Beneficial Owners will become members in the Springing LLC. Unlike interests in the Trust, membership interests in the Springing LLC will not be treated as interests in real property for federal income tax purposes (including for purposes of Code Section 1031). Thus, if the Trust transfers the Property to the Springing LLC in a Transfer Distribution, it is unlikely that any of the Beneficial Owners will thereafter be able to defer the recognition of gain on a subsequent disposition of their membership interests in the Springing LLC or the Property under Code Section 1031.

The transfer of the Property to the Springing LLC will occur under the circumstances set forth in the Trust Agreement without regard to the costs incurred as a result of such transfer. It is possible that such transfer will result in the imposition of (i) state and/or local transfer, sales or use taxes; or (ii) federal income tax (although no federal income tax would be imposed under current law).

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 Therefore Could Be Required to Effectuate a Transfer Distribution so as to Seek to Raise Capital through the Springing LLC. If, after a Transfer Distribution, additional funds are not available from any source, the Springing LLC may be forced to dispose of all or a portion of the Property on terms that may not be favorable to the Beneficial Owners. Further, apart from potential adverse economic consequences of a Transfer Distribution, a Transfer Distribution may have adverse tax consequences for the Beneficial Owners. See "*Federal Income Tax Consequences*."

The Trust Agreement Restricts Beneficial Owners' Rights to Information. The Trust Agreement eliminates certain rights to information the Beneficial Owners would have otherwise had under the Delaware Statutory Trust Act (the "**DST Act**"). While the Sponsor believes this is reasonable, necessary and prudent to protect the interests of legitimate Purchasers in the Trust from "greenmail" or other attacks by parties such as so-called "vulture

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investors" that are potentially harmful to the investment program, this would nevertheless mean that a Purchaser will have less access to information from the Trust than a Purchaser would be entitled to under the DST Act, including contact information for other Beneficial Owners.

The Purchase Agreement Contains an Exclusive Jurisdiction Provision. Section 19 of the Purchase Agreement requires Purchasers to agree to resolve any disputes arising out of, in connection with, or from the Purchase Agreement, or the transaction covered by the Purchase Agreement, within the County of New York, in the State of New York. As such, in the event of a dispute, Purchasers will not be able to select a jurisdiction other than New York in which to resolve it.

Real Estate Risks

Accuracy of Anticipated Results of Operations. The anticipated results of operations for the Trust as set forth in this Memorandum, including the pro forma financial projections attached as Appendix I: Financial Forecast, are based upon current estimates of income and expenses relating to the operation of the Property, should be considered speculative and are qualified in their entirety by the assumptions, information, limitations and risks disclosed in this Memorandum. If the assumptions on which these estimates are based do not prove correct, the Beneficial Owners who own Interests in the Trust will have difficulty in achieving their anticipated results. The anticipated results of operations assume occupancy levels and certain net rental rates. There can be no assurance that the Property can achieve stabilization or maintain the occupancy level or rate increases anticipated. Some of the other underlying assumptions inevitably may not materialize and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the life of the Trust's ownership of the Property may vary from those anticipated, and the variation may be material. As a result, the rate of return to the Trust and the Beneficial Owners may be lower than that projected. Any return to the Beneficial Owners on their investment will depend on the ability of the Master Tenant, the Property Manager and the Property Sub-Manager 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.

Risks of Real Estate Ownership. The investment by Beneficial Owners will be subject to the risks generally incident to the ownership of real property, including changes in national and local economic conditions, changes in the investment climate for real estate investments, changes in the demand for or supply of competing properties, changes in local market conditions and neighborhood characteristics, the availability and cost of mortgage funds, the obligation to meet fixed and maturing obligations (if any), unanticipated holding costs, the availability and cost of necessary utilities and services, changes in real estate tax rates and other operating expenses, changes in governmental rules and fiscal policies, changes in zoning and other land use regulations, environmental controls, acts of God (which may result in uninsured losses), and other factors beyond the control of the Trust. Any negative change in the general economic conditions in the United States could adversely affect the financial condition and operating results of the Trust.

The Trust also will be subject to those risks inherent in the ownership of income-producing real property, such as occupancy, operating expenses and rental schedules, which in turn may be adversely affected by general and local economic conditions, the supply of and demand for properties of the type selected for investment, the financial condition of tenants and sellers of properties, zoning laws, federal and local rent controls and real property tax rates. Certain expenditures associated with real estate equity investments are fixed (principally mortgage payments, if any, real estate taxes, and maintenance costs) and are not necessarily decreased by events adversely affecting the income from such investments. The ability of the Trust to meet its obligations will depend on factors such as these and no assurance of profitable operations can be given.

The Property is Subject to Risks Relating to its Local Real Estate Market. Weakness or declines in the local economy and real estate market could cause vacancy rates at the Property to increase and could adversely affect the Trust's ability to generate leasing revenues and/or sell the Property under favorable terms. The factors which could affect economic conditions in the market generally include business layoffs, industry slowdowns, relocations of businesses, changing demographics, infrastructure quality and any oversupply of or reduced demand for real estate. Declines in the condition of the market could diminish the value of your investment and the Property. See also below, "*Public Health Risk May Affect Performance*."

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Risks of Investing in Multifamily Rental Properties; Competition. The rental of multifamily residential space is a highly competitive business. Ownership of the Property could be adversely affected by competitive properties in the real estate market, which could affect the operations of the Property and the ultimate value of the Property. Success in owning the Property, therefore, will depend in part upon the ability of the Master Tenant, the Property Manager and the Property Sub-Manager (i) to retain current tenants at favorable rental rates; (ii) to attract other quality tenants upon the termination of existing leases if the existing tenants fail to renew or as otherwise needed; and (iii) to provide an attractive and convenient living environment for the tenants.

Although the Property will be leased to the Master Tenant throughout the term of the Trust, the Master Tenant is a newly-formed entity with limited financial resources. The financial performance of the Property therefore will be dependent to a significant degree on the ability of the Master Tenant, the Property Manager and the Property Sub-Manager to retain current tenants, to attract new tenants, maintain and/or increase rent collection rates and, as planned, to increase rental rates, all of which may in turn depend on factors both within and beyond the control of the Manager, the Trust, the Master Tenant, the Property Manager and the Property Sub-Manager. These competitive factors potentially detrimentally affecting financial performance include changing demographic trends and traffic patterns, the availability and rental rates of competing residential space, and general and local economic conditions. The number of competitive multifamily properties in a particular area, and any increased affordability of owner occupied single and multifamily homes caused by declining housing prices, mortgage interest rates and government programs to promote home ownership, could have a material adverse impact on the Master Tenant, the Property Manager's and the Property Sub-Manager's ability to lease the Property and the rents they are able to obtain. The loss of a tenant or the inability to maintain favorable rental rates with respect to the Property would adversely affect the value of the Property and/or the ability of the Master Tenant to pay Base Rent, which could result in the Lender declaring the Loan in default and foreclosing on the Property. This could result in the Purchasers losing their entire investment in the Property. The occurrence of a casualty resulting in damage to the Property could also decrease or interrupt the payment of tenant rents, which could adversely affect the Master Tenant's performance under the Master Lease and therefore also the Trust's ability to meet its obligations as they come due, including to make distributions to Beneficial Owners. Furthermore, the Property's leases with its end-user tenants may also permit them to terminate their leases if the leased premises are partially or completely damaged or destroyed by fire or other casualty. Such leases will also permit the end-user tenants to partially or completely abate rental payments during the time needed to rebuild or restore such damaged premises, which may also adversely affect the Property's financial performance.

Competition from Apartment Communities in the Surrounding Geographic Area. A number of apartment communities of similar size and amenities are located in the Property's immediate apartment sub-market. See "*Market and Location Overview – Competitive Properties*." The Appraisal has identified seven comparable apartment communities, each located within close proximity to the Property. The Appraisal has also identified six "additional comparable" apartment communities. In addition, there are other Class A & B apartment communities in the surrounding region that may be more attractive to renters. Competing apartment communities may reduce demand for the Property, increase vacancy rates, decrease rental rates and adversely impact the value of the Property. There also may be additional real property available in the general vicinity of the Property that could support the development of additional competing multifamily properties. An analysis of Axiometrics, Inc. ("**Axiometrics**") data as of Q3 2021 on all existing, planned, and under construction apartment communities in the Property's submarket show there are currently six properties under construction, five properties in lease-up, and one planned property. Further, there are two properties under construction and two planned properties in neighboring submarkets. The planned properties are expected to deliver nearly 800 units and the properties under construction are expected to deliver nearly 2,200 units. If newer housing is built, it may siphon demand away from the Property, as newer housing tends to be more attractive to prospective tenants. It is possible that tenants from the Property will move to existing or new apartment communities in the surrounding area, which could adversely affect the financial performance of the Property. Competition from nearby apartment communities could make it more difficult to attract new tenants and/or to maintain or grow rental rates, and ultimately, sell the Property at an attractive price. The Property could also experience competition for real property investments from individuals, corporations and other entities engaged in real estate investment activities. Other properties and real estate investments may be more attractive than the Property. As such, there is no assurance that the Property Manager or the Property Sub-Manager will be able to retain or attract residents to the Property at the same or higher rents given the current or future competition for tenants.

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Agreements Affecting the Property May Impact the Operations and Performance of the Property. Multifamily properties, such as the Property, may be subject to various easements, declarations, restrictions, encroachments, and other agreements of record with neighboring landowners, and local governmental entities that may restrict certain land and/or property uses, impose certain fees or obligations, and otherwise impact the operation and performance of such properties. See "*The Property - Agreements Affecting the Property*" for a discussion of any such agreements which may be material to a possible investment pursuant to this Memorandum.

Public Health Risk May Affect Performance. Public health concerns related to any outbreak of an infectious disease, including but not limited to, severe acute respiratory syndrome, avian flu, H1N1/09 flu, COVID-19 (the "**COVID-19 Pandemic**") or any other serious public health concern (in each case, a "**Pandemic**"), could have a negative impact on the economy and the business activities in which the Trust may engage. The Trust's business activities and economic performance could also be negatively impacted by federal, state or local government laws and regulations in response to a Pandemic, including but not limited to restrictions on travel, quarantines, or restrictions on landlords' abilities to evict non-paying tenants. The full impact will depend on subsequent developments, including, among other factors, the duration and spread of the Pandemic, government orders restricting business and/or tenant operations, national and local unemployment levels, staff shortages and uncertainty with respect to the accessibility of additional liquidity or to the capital markets, any one or all of which make it very difficult to predict the economic performance of the Property and a Purchaser's participation in the Offering. Even if federal, state or local governments intervene and provide aid to industries negatively affected by a Pandemic, there can be no assurance that such aid would mitigate any material economic reduction in value of the Interests.

With regard to the Offering, Purchasers are advised that they could experience one or more of the following adverse consequences as a result of a Pandemic: (1) jurisdictional differences in governing law with regard to any governmental response to the Pandemic; (2) revenue or cash flow uncertainty caused by a decrease in rent collections; (3) default on the Loan encumbering the Property; and (4) uncertainty regarding the exit strategy for the Trust and other market participants.

The Financial Performance of the Property Will Depend Upon Ability of the Property Manager and Property Sub-Manager to Attract and Retain Tenants Who Will Meet Their Rental Obligations on a Timely Basis, Care for Their Living Space and Preserve or Enhance the Reputation of the Property. The financial performance of the Property and the related ability of the Property Manager and the Property Sub-Manager to meet the financial projections contained herein will depend upon many factors, a significant one being the tenants' timely payment of rent under their leases and care they take with respect to their living spaces. If a material number of tenants become unable to make rental payments when due, decide not to renew their leases or decide to terminate their leases, this could result in a significant reduction in rental revenues, which could adversely affect the ability of the Master Tenant to make payments under the Master Lease, including payment of principal and interest on the Loan, which could adversely affect the value of the Property and/or result in the Lender declaring the Loan in default and foreclosing on the Property. This could result in the Purchasers losing their entire investment in the Trust. In addition, the failure by a large number of tenants to properly care for their units or common areas or to preserve or enhance the reputation of the Property could lead to increased repair and maintenance costs or otherwise adversely affect the value of the Property. Failure on the part of a tenant to comply with the terms of his or her lease may give the Master Tenant the right to terminate the lease, repossess the applicable premises and enforce payment obligations under the lease. However, the cost and effort involved in pursuing these remedies and collecting damages from a defaulting tenant could be greater than the value of the lease. There can be no assurance that the Master Tenant will be able to successfully pursue and collect from defaulting tenants or re-let the premises to new tenants without incurring substantial costs, if at all. If other tenants are found, the Property Manager or Property Sub-Manager may not be able to enter into new leases on favorable terms. The financial projections a assume minimum occupancy rate and certain net rental rates for the Property to enable the Master Tenant to comply with its obligations under the Master Lease, but there can be no assurance that the Property will maintain the minimum occupancy rate or that the minimum net rental rates will be achieved. The Loan Documents provide that the Lender must approve any change of the Master Tenant or Property Manager, which may make it difficult and/or costly to make a desired change in the management of the Property.

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Leases for the Property Generally Have Short Terms, and the Property Manager or Property Sub-Manager May Be Unable to Renew Leases or Re-Let Units as Leases Expire. Most of the existing residential leases for the units at the Property have lease terms of 12 months. Consequently, the Property's performance may in large measure depend upon the effectiveness of the Property Manager's and Property Sub-Manager's marketing efforts to attract replacement tenants and/or to maintain the projected occupancy rate for the Property. Also, such efforts may be costly and require significant time. If tenants decide not to renew their leases upon expiration or decide to exercise an available right to terminate their leases, the Property Manager and Property Sub-Manager may not be able to re-let their units quickly or at the same or higher rates. Even if the tenants do renew or their units are re-let, the terms of renewal or re-leasing may be less favorable than current lease terms. If the Property Manager and Property Sub-Manager cannot promptly renew the leases or re-let the units, or if the rental rates upon renewal or re-leasing are significantly lower than expected rates, then the Property's financial operations and condition will be adversely affected and this, in turn, may adversely affect the Property's cash flow, the ability of the Master Tenant to pay all rents due under the Master Lease and the ability of the Trust to make its required payments under the Loan and/or to pay distributions to the Beneficial Owners.

Changes in Laws Could Adversely Affect 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 operation, redevelopment or sale of the Property. Such laws, rules, regulations or ordinances may adversely affect the ability of the Trust to operate or sell the Property. See also above, "*Public Health Risk May Affect Performance.*"

The Location of the Property in Florida Increases the Risk of Damage to the Property. According to the Federal Emergency Management Agency, the Property is located in a Hurricane Susceptible Region, which increases the risk of damage to the Property, which may be required to maintain certain levels of insurance as set forth in the Loan Documents. These risks may not continue to be insurable on an economical basis, and current levels of coverage may cease to be available.

Risks Relating to the Master Tenant and the Master Lease

Limited Capital of the Master Tenant. The financial stability of the Master Tenant may affect the financial performance of the Property. The Sponsor is under no obligation to contribute capital to the Master Tenant. The Master Tenant's capitalization is supported solely by the Demand Note from BREH in the amount of $510,000. If the Master Tenant requires funds in excess of Property net operating cash flow to pay the Rent required under the Master Lease (subject to limited deferral rights) or satisfy its other obligations under the Master Lease, it will need to call upon BREH to contribute the amount of its Demand Note. However, no assurance can be given that the amount of the Demand Note will be sufficient to enable the Master Tenant to fund its obligations under the Master Lease, or that BREH will be able to fund the Demand Note if called upon by the Master Tenant to do so, in which case the Master Tenant could default under the Master Lease, which also would be a default under the Loan, which could result in suspension or termination of distributions to Beneficial Owners and/or a foreclosure of the Property by the Lender. In addition, the costs and time involved in enforcing the Trust's rights under the Master Lease may be significant. Moreover, if the Trust were to terminate the Master Lease for non-payment, there is no assurance that it could find a new Master Tenant to operate the Property on terms better or equal to those in the Master Lease. If the Trust were unable to enter into a new master lease for the Property on the same terms or better terms, the returns to Purchasers would likely be materially adversely affected. In addition, if the Trust were unable to enter into a new master lease, it would likely become necessary for the Trust to effectuate a Transfer Distribution, in order to engage in leasing activities, which would likely give rise to adverse tax consequences to Purchasers. Absent insolvency or a bankruptcy by the Master Tenant, the Trustee may not be empowered to execute such a replacement Master Lease. Such events, could cause the Purchasers to lose their entire investment in the Property and suffer adverse tax consequences.

The Sponsor's Affiliate May Be Unable to Fulfill its Obligations Under the Demand Note. BREH has made the Demand Note equal the amount of $510,000 in favor of the Master Tenant in order to capitalize the Master

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Tenant. However, there can be no assurance that BREH will be able to meet its obligations pursuant to such Demand Note. If BREH is required to perform on other outstanding or future demand notes, guaranties or other obligations, or itself experiences an adverse financial event, it is possible that BREH may not have sufficient funds or resources to perform its obligations under its Demand Note and/or may be unable or unwilling to fulfill its obligations to the Master Tenant of this Property. In the event of the insolvency or bankruptcy of BREH, the Master Tenant would be required to compete with any other creditor claims that may be asserted against the same assets of those entities and any secured creditor claims would be superior to those of the Master Tenant under the Demand Note, which is unsecured. The assets of BREH and its affiliates are subject to the various risks of real estate ownership, syndication and management, including, but not limited, to market value fluctuations and uncertainty of profitability of business operations. The ultimate value of their assets will depend upon their ability to successfully implement their respective business plans, which in turn depends upon competition, market forces and many other factors. If BREH is unable to pay its Demand Note when called upon, the Master Tenant may have insufficient funds to meet its obligations as they come due, including without limitation paying the Base Rent as and when due under the Master Lease, upon which the Trust relies in order to be able to service the Loan. Thus, any failure of the Master Tenant to receive payment under the Demand Note in order to pay the Rent when due under the Master Lease could materially and adversely affect returns to the Purchasers, cause the Trust to terminate the Master Lease, and/or may cause a default under the Loan which could result in foreclosure and a complete loss of the Property and the entire investment of the Purchasers.

Performance of the Master Tenant Under the Master Lease. The ability of the Trust to meet its obligations is dependent upon the performance of the Master Tenant and its payment of Rent and other payments required under the Master Lease.

The Master Tenant Has a Limited Right to Defer Rental Payments Under the Master Lease. Under the Master Lease, if the Property's operating cash flow is insufficient to pay all of the associated expenses of operating the Property as well as the full Base Rent then, in such event, the Master Tenant has a limited right to defer and accrue a portion of the Additional Rent and Supplemental Rent payments due under the Master Lease (but not any portion of the Base Rent required to make the payments due under the Loan Documents). Because the Master Tenant may accrue a portion of the Additional Rent and Supplemental Rent, it might not be required to call the Demand Note from BREH in order to make up such a shortfall. In such an instance, Purchasers may receive less or more varied distributions than they would have if the Master Tenant called the Demand Note to fund any such Rent shortfall. Furthermore, if future cash flow from the Property or disposition proceeds are insufficient to pay the accrued Rent and BREH is unable to fund the Demand Note when called, then the Trust may never receive the full amount of any such accrued Rent, which could materially and adversely affect the returns to the Purchasers.

Additionally, in the event that the Master Tenant elects to defer payment of a portion of the Rent, although the issue is not completely settled under existing law, under Code Section 467, Beneficial Owners may be required to report and pay tax on rent in accordance with the rent schedule attached to the Master Lease, even though the Master Tenant may have elected to defer the payment of a portion of such rent. As a result, Beneficial Owners may be required to recognize rental income even though rent is not being fully paid, and therefore Beneficial Owners may have to use funds from other sources to pay tax on such income. See "*Summary of the Master Lease*."

Risks Relating to an Investment in the Property

Valuation. The Appraisal reflects a market value "As-Is" for the Property of $72,000,000 as of December 7, 2021. The net purchase price of $70,600,000 for the Property is lower than the $80,818,253 aggregate purchase price of the Interests, which includes $42,387,253 in equity for the Interests, assuming the Maximum Offering Amount is sold, and $38,431,000 for the Loan. See "*Estimated Use of Proceeds.*" Thus, the Trust will be subject to immediate dilution and the Beneficial Owners may recover less than their invested capital upon any eventual sale of the Property. There can be no assurance that the value of the Property will appreciate or appreciate at a rate sufficient to provide a positive return on investment.

Property Not a Diversified Investment. By the terms of the Trust Agreement (as well as the terms of the Loan Documents), the Trust generally is not permitted to acquire real property other than the Property or any other assets or make any other investments. Because an investment in Interests represents an investment in one property, it

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is not a fully diversified investment. Accordingly, the poor performance of the Property would likely materially and adversely affect your investment in an Interest.

Physical Condition of the Property; No Representations to Purchasers. The Trust will not make any warranties or representations to the Purchasers regarding the condition of the Property.

Bluerock has received the PCA Report dated December 1, 2021 (the "**PCA Report**"), from Blackstone Consulting, LLC ("**Blackstone Consulting**"). The PCA Report concluded that the Property was in generally good condition for properties of similar type and age in the area. The PCA Report identified that there are $50,000 in immediate repairs consisting of $38,000 for exterior repairs, power washing, and spot painting where needed, $5,000 for replacement of the inoperable pool filtration systems, $2,000 for all fire riser rooms to be inspected, sources of moisture identified and corrected, and all moisture and apparent mold growth ("**AMG**") impacted materials be replaced and remediated, and $5,000 to properly abandon an out of use irrigation well.

The PCA Report recommended recurring capital reserves for likely repairs and replacements necessary during the next 12 years. The estimated total of the immediate and future capital needs is $839,654 primarily comprised of the following items:

- **Site:** Asphalt repairs and crack sealing ($10,000), and sealcoat and striping ($35,065). Subtotal: $45,065

- **Architectural Components:** Exterior maintenance, painting, and sealing ($91,200), swimming pool liner ($21,000), swimming pool filtration equipment ($10,000), and swimming pool heater ($5,000). Subtotal: $127,200

- **Mechanical / Electrical / Plumbing Components:** Water heaters ($60,800), and package units ($102,600). Subtotal: $163,400

- **Dwelling Unit and Common Area Components:** Carpet ($109,440), vinyl plank flooring ($27,000), refrigerators ($72,281), range/stove ($62,644), dishwashers ($46,260), microwaves ($49,564), and washers and dryers ($136,800). Subtotal: $503,989

Following completion of the sale of the Maximum Offering Amount, the Trust would have approximately $2,300,000 in the Supplemental Trust Reserve, plus $229,092 from the Lender Replacement Reserve, plus $363,069 from the Green Replacement Reserve, (totaling $2,892,161), versus $839,654 estimated capital repair items estimated by the PCA Report.

There can be no assurance of the accuracy of the PCA Report with regard to future capital expenditure requirements of the Property, or that the Sponsor has budgeted adequately in the Financial Forecast for all such repairs, replacements, and other expenditures that are or become necessary. If the Supplemental Trust Reserve is insufficient (including due to the possibility that reimbursements and other compensation items due the Sponsor or its affiliates may be or have been drawn from resources credited, held or controlled by the Trust, including the Supplemental Trust Reserve), the Trust's Rent could be used by the Trust to reserve for or pay such expenses (instead of being used to pay distributions to Purchasers), or those expenses and costs could possibly be so significant as to require additional capital to be infused which could not be done except through a Transfer Distribution, which would likely have material and adverse tax consequences for Purchasers.

Blackstone Consulting issued reliance letters entitling the Trust, among others, to rely on the PCA Report and to enforce any claims against the preparers of the PCA Report if they failed to identify any particular Property deficiency. However, such letter would not necessarily entitle a Purchaser to rely on the PCA Report or enforce legal claims against parties that prepared the PCA Report or its underlying information. In addition, there can be no assurance that the preparers would be held liable for any losses in connection with deficiencies in the Property that were not identified in the PCA Report. Furthermore, there can be no assurance that financial wherewithal of such

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preparers would be sufficient to cover any loss that may arise, should they be held liable. At your request, Sponsor will provide you with a copy of the PCA Report.

Environmental Problems Are Possible and Can Be Costly. Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or petroleum product releases at or affecting the Property. The owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with any such contamination. These laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site.

The Property has been evaluated for environmental hazards on behalf of the Lender pursuant to a non-invasive Phase I Environmental Site Assessment Report, dated December 1, 2021 (the "**Phase I Report**") prepared by Blackstone Consulting, based on a Property visit conducted on November 18, 2021. The Phase I Report, which consisted of a walk-through observation of the accessible areas and interviews with facility personnel and local agency representatives, interviews with relevant personnel, limited observations of surrounding properties, and a records review including regulatory databases and historical use information found there to be AMG and moisture damage in the fire riser rooms surveyed. In addition, Blackstone Consulting recommends that a moisture management plan be prepared for the Property. The Sponsor has determined the nature of the issue and intends to remediate with removal of surface AMG. The Phase I Report indicated no evidence of recognized environmental conditions, controlled recognized environmental conditions, or historical recognized environmental conditions in connection with the Property.

At your request, Sponsor will provide you with a copy of the Phase I Report.

Governmental Laws and Regulations May Impose Significant Costs. Real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to protection of the environment and human health. The Property could be subject to liability in the form of fines, penalties or damages for noncompliance with these laws or regulations. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, the presence of toxic building materials, and other health and safety-related concerns. Some of these laws may impose joint and several liability on the tenants, owners or operators of real property for the costs to investigate or remediate contaminated properties, regardless of fault, whether the contamination occurred prior to purchase, or whether the acts causing the contamination were legal.

Construction of Improvements. Under applicable tax rules, if the Trust were to cause the construction of more than minor, non-structural improvements, this activity could require a Transfer Distribution, which may have adverse tax consequences for the Beneficial Owners.

Risk of Mold Contamination. Mold contamination has been linked to a number of health problems, which could result in litigation by tenants seeking various remedies, including damages and the ability to terminate their leases. Recently there have been an increasing number of lawsuits against property owners and managers alleging personal injury and property damage caused by the presence of toxic molds. Some of these lawsuits have resulted in substantial monetary judgments or settlements. Insurance carriers generally exclude mold-related claims from standard policies and price mold endorsements at prohibitively high rates. The assessment of the Property in connection with the Phase I Report included an evaluation of any AMG. The Phase I Report found there to be AMG and moisture damage in the fire riser rooms surveyed. Blackstone Consulting recommends that a moisture management plan be prepared for the Property. The Sponsor has determined the nature of the issue and has obtained a Moisture Management Plan from Blackstone dated December 20, 2021 and intends to remediate with removal of surface AMG upon acquisition. No assurance can be given either that an undetected mold condition does not presently exist at the Property, beyond the AMG that was found pursuant to the Phase I Report, or that additional mold conditions

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will not arise in the future. A mold condition would create the risk of substantial damages, legal fees and possible loss of tenants.

The Supplemental Trust Reserve May Be Inadequate. The Master Tenant, subject to the express terms of the Loan Documents, the Trust Agreement and the Master Lease, may draw upon the Supplemental Trust Reserve for Landlord Costs and other Property costs and expenses. To the extent that Property expenses increase or unanticipated expenses arise, and the available reserves are insufficient to meet such expenses, the Trust may be forced to use some or all of its Rent payments received from the Master Tenant to pay such obligations of the Trust, or to effect a Transfer Distribution in order to raise the necessary capital through the Springing LLC for such purposes, because the Trust itself is prohibited from raising additional capital. Further, to the extent that the aggregate of the Organization and Offering Expenses, Loan-Related Costs and Other Closing Costs exceed the amounts projected, then any such shortfall will be funded first from savings in other categories and may be funded next from any other available reserves of the Trust, including from the Supplemental Trust Reserve. In addition, construction of more than minor, non-structural improvements out of reserves established by the Trust if inadequate, may require the Trust to effectuate a Transfer Distribution, which may have adverse tax consequences for the Beneficial Owners.

Energy Shortages and Allocations. There may be shortages or increased costs of fuel, natural gas or electric power, or allocations thereof, by suppliers or governmental regulatory bodies in the area where the Property is located. We are unable to predict the extent, if any, to which such shortages, increased prices, or allocations will occur or the degree to which such events might influence the ability of the Property to meet stated goals. If such shortages occurred or such costs increased, however, they could materially and adversely affect the income derived by the Trust from the Property, the value of the Property and the value of the Interests.

The Location of the Property in the Panama City Metro Increases the Risk of Damage to the Property. The Property is located in a Hurricane Susceptible Region, which increases the risk of damage to the Property, which may be required to maintain certain levels of insurance as set forth in the Master Lease and the Loan Documents. These risks may not continue to be insurable on an economical basis, and current levels of coverage may cease to be available.

Risks Related to Financing of the Property

Risks of Leverage. The Trust owns the Property subject to the Loan and Lender's rights under the Loan Documents. This use of leverage may increase the return on Purchaser's invested capital. However, the use of leverage also presents an additional element of risk in the event that the cash receipts from the operation of the Property be insufficient to meet the principal and interest payments on such indebtedness. In order to comply with tax requirements for Section 1031 Exchanges, the Trust is not permitted to obtain new financing and Beneficial Owners are not permitted to make additional capital contributions to the Trust, even if required and used to service the Loan. Thus, if the cash flow from the Property is insufficient to allow the Master Tenant to make the required payments under the Master Lease, including payments the Trust requires to service the Loan, the Lender may foreclose on the Property and the Beneficial Owners' equity in the Property may be reduced or lost entirely. A Transfer Distribution may make it possible to delay or avoid a foreclosure (because the Springing LLC is not restricted from refinancing the Property or raising new capital) but may, itself, cause adverse tax consequences for the Beneficial Owners. See "*Federal Income Tax Consequences*." Moreover, the cost of any refinancing of the Property after a Transfer Distribution, in the form of interest charges and financing fees imposed by lenders or affiliates of the Sponsor, might significantly reduce the profits or increase losses resulting from operation of the Property or Purchaser's investment in the Trust.

Although the Trustee can remove the Manager in certain limited circumstances, the Lender will likely require that there be an adequately capitalized successor Manager. This requirement may limit the Trustee's ability to remove the Manager, since the exercise of such right would give rise to a default under the Loan Documents absent the Lender's consent. The Trust cannot incur any additional borrowings or refinance the Property.

Scheduled Debt Payments Could Adversely Affect the Property's Financial Condition. In the future, the Property's cash flow could be insufficient to meet required payments under the Loan Documents or to pay cash

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flow to the Trust at expected levels. As a result of any shortfall, the Manager may be forced to cause the Trust to postpone capital expenditures necessary for the maintenance of the Property, suspend distributions to Beneficial Owners, or may require a sale or Transfer Distribution. There can be no assurance that the Manager will be able to sell the Property on acceptable terms, if at all, or that after a Transfer Distribution the Springing LLC would be able to raise sufficient additional capital to avert a Loan default and possible foreclosure of the Property by the Lender. In either case, Beneficial Owners could lose the entire value of their Interests.

Events of Default. The Loan is "non-recourse," meaning that the Lender may only seek recovery from the liquidation of its collateral (principally, the Property) for any amounts that remain due under the Loan after a default. However, the Loan Documents contain certain events that would allow the Lender to proceed against the Trust to repay amounts due on the Loan, in addition to foreclosing on the Property and the other collateral for the Loan. Thus, if such events occur, "springing" liability to the Trust may result, including an amount equal, in certain instances, to the full amount of the Loan. The events under the Loan Documents for which the Trust may have liability beyond the value of the Lender's collateral include, but are not limited to the following:

- failure to pay rents or security deposits owed to Lender upon an Event of Default under the Loan Documents;
- failure to maintain insurance policies required by the Loan Documents;
- failure to apply insurance proceeds as required by the Loan Documents;
- failure to comply with the provisions of the Loan Documents relating to the delivery of books and records, statements, schedules and reports;
- failure to apply rents to the ordinary and necessary expenses of owning or operating the Property;
- waste or abandonment of the Property;
- grossly negligent or reckless unintentional material misrepresentation or omission by the Trust, the Master Tenant or the Sponsor in connection with on-going financial or other reporting required by the Loan Documents, or any request for action or consent by the Lender;
- failure of the Master Lease to be subordinate to the lien of the Deed of Trust (defined below) or failure of the Master Lease to be terminated if so elected by the Lender in accordance with the Loan Documents;
- failure to effect a Transfer Distribution;
- failure of the Trust or the Master Tenant to comply with the single-asset entity requirements of the Loan Documents;
- occurrence of a transfer not permitted by the Loan Documents;
- occurrence of certain bankruptcy events;
- fraud, written material misrepresentation or material omission; and
- the Trust's indemnification obligations under the Loan Documents.

Lender's Approval Rights. The Lender has numerous rights under the Loan Documents, including the right to approve certain changes in ownership and management. Prospective Purchasers are encouraged to review a complete set of the Loan Documents prior to subscribing for the Interests.

Restrictions on Transfer and Encumbrance. The terms of the Loan prohibit the transfer or further encumbrance of the Property or any interest in the Property except with the Lender's prior written consent, which consent may be withheld, or otherwise permitted under the Loan Documents. The Loan Documents provide that upon violation of these restrictions on transfer or encumbrance, the Lender may declare the entire amount of the Loan, including principal, interest, prepayment premiums and other charges, to be immediately due and payable. If the Lender declares the Loan to be immediately due and payable, the Trust will have the obligation to immediately repay the Loan in full. If the Trust is unable to obtain replacement financing or otherwise fails to immediately repay the Loan in full, the Lender may invoke its remedies under the Loan Documents, including proceeding with a foreclosure sale of the Property that is likely to result in the Beneficial Owners losing their entire investment in the Property. Further, since the Trust is prohibited from borrowing additional funds or from accepting additional capital contributions, the Trust would in such a situation be required to effectuate a Transfer Distribution into the Springing LLC.

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Ability to Repay the Loan. The ability of the Trust to repay the Loan will depend in part upon the sale or other disposition of the Property prior to, at the latest, the maturity date of the Loan. There can be no assurance that any such sale can be accomplished at a time or on such terms and conditions as will permit the Trust to repay the outstanding principal amount of the Loan. Without limitation, financial and/or 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.

In the event that the Trust is unable to sell the Property prior to the maturity date of the Loan, the Trust may be required to effectuate a Transfer Distribution in order to allow the Springing LLC to seek to refinance the Loan. However, market conditions and the interest rate environment at that time could cause the cash flow from the Property to fluctuate and could impact capitalization rates, both of which could negatively impact the value of the Property and limit the Springing LLC's sale or refinancing options. As such, the Springing LLC may not be able to obtain refinancing on terms as favorable as the Loan and indeed may require additional equity capital infusions to be able to secure any refinancing loan at all. If sufficient funds are not available from a sale, refinancing or additional capital contributions to the resulting Springing LLC, the Springing LLC may be subject to the risk of defaulting under the Loan and losing the Property through foreclosure. Any such Transfer Distribution or foreclosure may have adverse tax consequences for the Beneficial Owners. See "*Federal Income Tax Consequences*."

Availability of Financing and Market Conditions. Market fluctuations in real estate financing may affect the availability and cost of funds needed in the future for the Property. Moreover, credit availability has been restricted in the past and may become restricted again in the future. Restrictions upon the availability of real estate financing or high interest rates for real estate loans could adversely affect the Property and the ability of the Trust to sell the Property at a profit or at any price.

Risks Relating to the Operation of the Property

Insurance; Uninsured Losses. The Master Tenant has obtained general liability and business interruption insurance for the Property. If a loss occurs that is partially or completely uninsured, the Beneficial Owners may lose all or a part of their investment. The Trust may be liable for any uninsured or underinsured personal injury, death or property damage claims. Liability in such cases may be unlimited. While insurance may help reduce the risk of loss, it increases costs and thus lowers the potential return to the Beneficial Owners.

Regulatory Matters. The value of the Property may be adversely affected by legislative, regulatory, administrative, and enforcement actions at the local, state and national levels in the area, among others, of environmental controls. In addition to possible increasingly restrictive zoning regulations and related land use controls, such restrictions may relate to air and water quality standards, noise pollution and indirect environmental impacts such as increased motor vehicle activity. See also above, "*Public Health Risk May Affect Performance*."

Reliance on Management. Under the Trust Agreement, the Manager has the right to make administrative decisions on behalf of the Trust. Also, the Manager has the sole discretion to determine when to sell the Property and on what terms. The Manager has other extensive powers and authority, some of which are limited by the express terms of the Trust Agreement. In the event of a Transfer Distribution, however, the Manager or its affiliate, as the manager of the Springing LLC, would be granted expanded powers and the right to receive additional compensation. Accordingly, no Purchaser should purchase Interests unless such Purchaser recognizes that the Trust is limited in its ability to manage the Property and such Purchaser is willing to entrust such limited management of the Property and the power to sell the Property to the Trustee and the Manager, and after a Transfer Distribution the Purchaser is willing to entrust all aspects of the management of the Springing LLC to the Manager as its manager. See "*The Manager*" and "*Summary of the Trust Agreement – Termination of the Trust to Protect the Property; Transfer Distribution*." Furthermore, under the Trust Agreement, the Trustee has the power and authority to remove the Manager for cause (fraud or gross negligence causing material damage to, or diminution in value of, the Property), but only if the Lender consents (to the extent there is an outstanding Loan).

Conflicts. The Manager and its affiliates are subject to conflicts of interest between their activities, roles and duties for other entities and the activities, roles and duties they have assumed on behalf of the Trust. Conflicts

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exist in allocating management time, services and functions between their current and future activities and the Trust. None of the arrangements or agreements described, including those relating to the purchase price of the Property or compensation, is the result of arm's-length negotiations. See "*Conflicts of Interest*."

Dependence on Employees of Bluerock Residential Growth REIT, Inc. The Manager and Property Manager depend on the contributions of certain employees ("**BR REIT Employees**") of Bluerock Residential Growth REIT, Inc. ("**BR REIT**"). The BR REIT Employees have entered into employment agreements with BR REIT which permit them to devote time to fulfill duties to Bluerock and its affiliates, including the Sponsor, so long as those duties and activities do not unreasonably interfere with the performance of their duties to BR REIT. Although the BR REIT Employees believe that they will have sufficient time to discharge fully their responsibilities to the Trust and Beneficial Owners and to other business activities in which they are or may become involved, it is possible that such BR REIT Employees will not be able to dedicate sufficient time and attention to the Sponsor and its programs because of their contractual and fiduciary responsibilities to BR REIT. If the BR REIT Employees were not able to dedicate sufficient time and attention to the business of the Sponsor, including the syndication and operation of the Trust, the performance of the Trust could be adversely affected and Purchasers could experience losses in their investment in the Interests.

No Substantial Assets of the Manager, Master Tenant or Property Manager. Neither the Manager, the Master Tenant nor the Property Manager have any substantial assets. Thus, there is no assurance that the Manager, the Master Tenant or the Property Manager will have the financial resources to satisfy their respective obligations under the Trust Agreement, the Master Lease or the Property Management Agreement. In addition, neither the Sponsor, the Manager nor the Master Tenant is obligated to invest or provide additional capital on behalf of the Trust, the Beneficial Owners or the Property. BREH has agreed to initially capitalize the Master Tenant with the Demand Note in the amount of $510,000. This Memorandum does not contain financial statements for the Sponsor, the Manager, the Master Tenant, the Property Manager, Bluerock, or BREH.

Compensation and Fees. The Sponsor and certain of its affiliates will receive certain compensation from the Trust for services rendered regardless of whether any sums are distributed to the Beneficial Owners. See "*Compensation and Fees*."

Offering Risks

No Market for Interests. The transfer of Interests will be subject to certain limitations. See "*Summary of the Trust Agreement – Transfer Rights; Rights of First Refusal.*" Moreover, it is not anticipated that any public market for Interests will develop, and the transfer of Interests may result in adverse tax consequences for the transferor. See "*Federal Income Tax Consequences*." Consequently, Purchasers of Interests may not be able to liquidate their investments in the event of emergency or for any other reason. Moreover, Purchasers are specifically notified that Interests are not likely to be readily accepted as collateral for outside financing. Any purchase of Interests, therefore, should be considered only as a long-term investment.

Purchase Price of Interests. The purchase price of the Interests is based on the purchase price of the Property, and includes Organization and Offering Expenses, Sales Commissions, Marketing/Due Diligence Expense Allowances, Managing Broker-Dealer Fee, Loan-Related Costs, Other Closing Costs, Sponsor's Acquisition Fee, Lender Replacement Reserve, and the Supplemental Trust Reserve. If the Trust is unable to sell the Property at a price which would net (after repayment of the Loan and other applicable expenses) at least the aggregate of the purchase price paid for the Interests, the Purchasers would suffer a loss on their investment.

Risk that Purchaser Will Not Acquire Interest. After identifying the Property, a prospective Purchaser may not be accepted, or may be rejected as an investor for any reason or for no reason at all and such Purchaser may therefore lose the benefit of a Section 1031 Exchange. It is suggested and anticipated that Purchasers will attempt to mitigate these risks by identifying multiple properties in connection with their Section 1031 Exchange.

Impact of Leverage on Section 1031 Exchange. The Property is subject to financing in the form of the Loan. Code Section 1031 generally requires taxpayers to offset debt on their relinquished property with equal or greater debt on their replacement property (or additional cash from another source). Purchasers who are exchanging

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relinquished property with a larger amount of debt than the proportionate amount of the Loan they are deemed to have assumed for tax purposes in connection with the acquisition of an Interest may recognize taxable gain (although additional cash from another source may offset the reduction in debt). Each Purchaser will have its own unique debt and other Section 1031 Exchange issues. Therefore, each Purchaser must seek the advice of its own independent tax advisor as to qualification for tax deferral under Code Section 1031 and the Treasury Regulations promulgated thereunder, including the debt replacement rules.

Timing of Sale of the Property. Beneficial Owners should not expect a sale of the Property within any specified period of time. Although the Trust Agreement allows the Manager to sell the Property at any time that, in the Manager's discretion, a sale is appropriate, it is currently anticipated that the Trust will hold the Property for at least two years. The decision to sell the Property will be made at the sole discretion of the Manager, and the Beneficial Owners will not have any right to participate in the decision to sell the Property.

Operation as a Limited Liability Company After a Transfer Distribution. If a Transfer Distribution occurs and the Property is transferred to the Springing LLC, the manager of the Springing LLC will have exclusive discretion in the management and control of the business and affairs of the Springing LLC. A copy of the limited liability agreement of the Springing LLC is attached to the Trust Agreement as an exhibit. The Beneficial Owners will become members of the Springing LLC, but they will not have the right to take part in the management or control of the business or affairs of the Springing LLC, and are permitted to vote only in a limited number of circumstances and can remove the manager of the Springing LLC only for cause. The Manager has the right to sell the Property at any time that, in the Manager's discretion, a sale is appropriate. Such sale could occur at a time that would be adverse to the interests of any given member either from a financial or tax standpoint. The manager of the Springing LLC, if it is a holder of membership interests in the Springing LLC (such as through the Retained Interest), may have conflicts of interest with respect to the Springing LLC and the members. The manager of the Springing LLC is entitled to certain limitations of liability and to indemnity by the Springing LLC against liabilities not attributable to its fraud or gross negligence. Such indemnity and limitation of liability may limit rights that members would otherwise have to seek redress against the manager of the Springing LLC. See "*Summary of Certain Provisions of "Springing LLC" Limited Liability Company Operating Agreement.*"

An affiliate of the Manager would be expected to serve as the manager of the Springing LLC and would be a newly-formed entity with limited financial resources. It would have no obligation to invest in or otherwise provide capital to the Springing LLC. Thus, the Springing LLC may not be able to satisfy its financial obligations, which could negatively impact the Beneficial Owners who, upon the occurrence of a Transfer Distribution, would become members of the Springing LLC. A member may become liable to the Springing LLC and to its creditors for and to the extent of any distribution made to such member if, after giving effect to such distribution, the remaining assets of the Springing LLC are not sufficient to pay its outstanding liabilities (other than liabilities to the members on account of their membership interests in the Springing LLC). It is not expected that there will be any market for membership interests in the Springing LLC. Thus, members may not be able to liquidate their investments in the event of an emergency or for any other reason.

No Minimum Offering Contingency. There is no minimum amount of Offering proceeds that must be raised or minimum number of Purchasers required in connection with this Offering. Accordingly, if the Sponsor is unable to sell all of the Interests, the Depositor will retain Class 2 Beneficial Interests. The ownership of beneficial interests in the Trust by the Depositor, an affiliate of the Sponsor, involves certain risks that potential Purchasers should consider, including, but not limited to, the fact that there may be conflicts of interest between the objectives of the Purchasers and that of the Sponsor, or, if the Offering is not fully subscribed, that a significant amount of the Trust's beneficial interests will not have been acquired by disinterested Purchasers after an assessment of the merits of the Offering.

Tax Risks

General. There are substantial risks associated with the federal income tax aspects of a purchase of an Interest, especially if the purchase is part of an exchange designed to qualify as a Section 1031 Exchange. The following paragraphs summarize some of these tax risks to a Purchaser with respect to the purchase of an Interest. A

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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 this Offering are complex and certain of the tax consequences may differ depending on individual tax circumstances, each prospective Purchaser is strongly encouraged to and should consult with and rely on its own tax advisor about this Offering's tax aspects in light of such Purchaser's individual situation. No representation or warranty of any kind is made with respect to the IRS' acceptance of the treatment of any item of income, deduction, gain, loss, credit or any other item by a Purchaser and there can be no assurance that the IRS will not challenge any such treatment.**

THIS SECTION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS CONTEMPLATED BY AND DESCRIBED IN THIS MEMORANDUM. EACH PROSPECTIVE PURCHASER 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. An Interest may not qualify under Code Section 1031 for tax-deferred exchange treatment, and even if it does a portion of the proceeds from a Purchaser's sale of his or her real property to be relinquished (the "**Relinquished Property**") could constitute taxable "boot" (defined below). Whether any particular acquisition of an Interest will qualify as a tax-deferred exchange under Code Section 1031 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 (the "**Replacement Property**" or "**Replacement Properties**"). Neither the Sponsor nor its affiliates, counsel or agents are examining or analyzing any prospective Purchaser's circumstances to determine whether such Purchaser's acquisition of Replacement Property qualifies as a Section 1031 Exchange. **Moreover, no opinion or assurance is being provided to the effect that any individual prospective Purchaser's transaction will qualify under Code Section 1031. Such examinations or analyses are the sole responsibility of each prospective Purchaser, who must consult with his or her own legal, tax, accounting and financial advisors before purchasing an Interest.** If the factors surrounding a prospective Purchaser's disposition of the Relinquished Property and his or her acquisition of the Interests do not meet the requirements of Code 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. Also, merely designating an Interest in connection with a Purchaser's Section 1031 Exchange does not assure the Purchaser that there will be Interests available to purchase when the Purchaser executes the Purchase Agreement and actually causes his, her, or its qualified intermediary to transfer funds to complete the purchase of the Interests.

Form of Ownership. On July 20, 2004, the IRS issued Revenue Ruling 2004-86, 2004-33 I.R.B. 191, which held that, assuming the other requirements of Code Section 1031 are satisfied, a taxpayer's exchange of real property for an Interest in the DST described in the ruling satisfies the requirements of Code 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. There are no authorities that directly address the tax treatment of the Trust other than Rev. Rul. 2004-86. It is possible that the IRS could revoke Rev. Rul. 2004-86 or, in the alternative, determine that the Trust does not comply with the requirements of that ruling or the underlying authorities. A determination that the Trust is not taxable as a trust (within the meaning of Treasury Regulation Section 301.7701-4) likely would have a significant adverse impact on the Beneficial Owners. 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 Code Section 1031.

Classification for Purposes of Code Section 1031; No Ruling. We believe the Offering described in this Memorandum is structured in a manner that the Interests should be treated for federal income tax purposes as direct ownership interests in real estate and not as interests in a partnership. If the Interests were to be treated by the IRS or

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a court as interests in a partnership, then no Purchaser would be able to use its acquisition of Interests as part of a Section 1031 Exchange to defer gain under Code Section 1031. The IRS may challenge the tax treatment related to the Interests as described in this Memorandum.

We have obtained an opinion from Tax Counsel in connection with the Offering that: (i) the Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation Section 301.7701-4(a); (ii) the Beneficial Owners should be treated as "grantors" of the Trust; (iii) as "grantors" of the Trust, the Beneficial Owners should be treated as owning an undivided fractional interest in the Property for federal income tax purposes; (iv) the Interests should not be treated as securities for purposes of Code Section 1031; (v) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Code Section 1031; (vi) the Master Lease should be treated as a true lease and not a financing for federal income tax purposes; (vii) the Master Lease should be treated as a true lease and not a deemed partnership for federal income tax purposes; (viii) the discussions of the federal income tax consequences contained in this Memorandum are correct in all material respects; and (ix) certain judicially created doctrines should not apply to change the foregoing conclusions. The issues which are the subject of such opinion have not been definitely resolved by statutory, administrative or case law. This opinion is based on the facts and circumstances set forth in the opinion and is not a guarantee of the current status of the law, and, as such, it should not be treated as a guarantee that the IRS or a court would concur with the conclusion in the opinion. If any of such facts or circumstances were to change, the tax consequences to Purchasers described in the opinion and in this Memorandum could change. See "*Federal Income Tax Consequences*."

Identification. Treasury Regulation Section 1.1031(k)-1(c)(4) permits taxpayers to identify alternative and multiple replacement properties under Code Section 1031. All properties acquired within 45 days of the sale of the relinquished property are deemed to have been properly identified. In addition, taxpayers are permitted to identify three properties without regard to the fair market value of the properties (the so-called "three property rule") or multiple properties with a total fair market value not in excess of 200% of the value of the relinquished property (the "200% rule"). In the event that the IRS successfully challenges the valuation of a replacement property under the 200% rule, and as a result the replacement properties identified by the taxpayer exceed 200% of the value of the taxpayer's relinquished property, the taxpayer's identification may be treated as invalid, which may invalidate the taxpayer's like-kind exchange under Code Section 1031. A taxpayer also may identify any number of properties if it acquires at least 95% of the identified properties (the "95% rule"). The identification rules of Code Section 1031 are strictly construed, and a Purchaser's exchange will not qualify for deferral of gain under Code Section 1031 if too many properties are identified or if the deadlines for identification are not met. Prospective Purchasers will have to rely on the 200% rule or 95% rule with respect to the Offering and should seek the advice of their tax advisors prior to subscribing for the Interests or making an identification.

For purposes of both the 200% rule and the 95% rule, "fair market value" means the fair market value of the property without regard to any liabilities secured by the property. Thus, a taxpayer identifying under the 200% rule for an unencumbered Relinquished Property having a value of $20 million could only identify Replacement Property(ies) having an aggregate gross fair market value (without regard to any liabilities which may encumber such property(ies)) of $40 million, in which case the identification of a single Replacement Property having a $30 million equity value but which is secured by a $20 million liability (and, thus, having a $50 million gross value) would violate the 200% rule.

The identification rules of Code Section 1031 are strictly construed, and a Purchaser's exchange will not qualify for deferral of gain under Code Section 1031 if too many properties or properties having too much value (including by reason of not excluding the effect of the Loan for "fair market value" purposes) are identified, if the properties are not correctly identified, or if the deadlines for identification are not met. Prospective Purchasers will have to rely on the 200% rule or 95% rule with respect to the Offering and should seek the advice of their tax advisors prior to subscribing for the Interests or making an identification.

Funds from a Section 1031 Exchange May Not Be Used for Certain Costs Associated with the Property; Possible Adverse Tax Treatment for Closing Costs and Reserves. Each Purchaser of an Interest will be obligated to pay its *pro rata* share of closing costs, financing expenses, reserves and other costs of the Offering. A portion of the proceeds of the Offering will be used to pay each Purchaser's pro rata share of such costs. In addition, a portion

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of the proceeds of the Offering may be treated as having been used to purchase an interest in reserves established by the Sponsor rather than for real estate. Under certain conditions, these costs, as well as reserves relating to the Property, may not constitute property that is like-kind to real estate for purposes of Code Section 1031. In particular, a portion of the Offering proceeds will be used to fund the Supplemental Trust Reserve. You may elect to pay these costs with personal funds separate from your Section 1031 Exchange funds. Because the tax treatment of certain expenses of the Offering, closing costs, financing costs or reserves is unclear and may vary depending upon the circumstances, no advice or opinion of Tax Counsel will be given regarding the tax treatment of such costs and the treatment of proceeds attributable to the reserves, which may be taxable to those Purchasers who purchase their Interests as part of a Section 1031 Exchange. Therefore, each prospective Purchaser should seek the advice of a qualified tax advisor as to the proper treatment of such items.

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

Potential Significant Tax Costs If Interests Were Deemed to Be Interests in a Partnership. If Purchasers are treated for federal income tax purposes as having purchased interests in a partnership, the Purchasers who purchased their Interests as part of a Section 1031 Exchange would not qualify for deferral of gain under Code Section 1031, and each Purchaser who had relied on deferral of such Purchaser's gain from a disposition of other interests in real property would immediately recognize such gain and be subject to federal income tax thereon. Additionally, since such determination would of necessity come after such Purchaser had purchased his Interest, such Purchaser may have no cash from the disposition of its original interest in real property with which to pay the tax. Given the illiquid and long-term nature of an investment in the Interests, there would be no practical means of generating cash from an investment in the Interests to pay the tax. In such circumstances, a Purchaser will have to use funds from other sources to satisfy this tax liability.

Deferral of Tax Under State Law. Some states adopt Code 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 Purchaser must consult his own tax advisor as to the qualification of a transaction for deferral of gain under state law. See "*Federal Income Tax Consequences*."

Transfer Distribution to the Springing LLC. If a Transfer Distribution occurs, the Property will be transferred from the Trust to the Springing LLC and the membership interests in the Springing LLC will be proportionally distributed by the Beneficial Owners. It is anticipated that the Manager or its affiliate will serve as the manager of the Springing LLC. The Springing LLC will be treated as a partnership for federal income tax purposes. A Transfer Distribution may occur under the circumstances set forth in the Trust Agreement without regard to the tax consequences that arise as a result of the transaction. Under current law, such a transfer should not be subject to federal income tax pursuant to Code Section 721. The transfer could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that such transfer will not be taxable under the federal income or other tax laws in effect at the time the transfer occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of the tax consequences to the Beneficial Owners in the event of a Transfer Distribution. **Prospective Purchasers should consult their own tax advisors regarding the tax**

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consequences of a Transfer Distribution and the effect of the Property being held by the Springing LLC rather than the Trust.

Deferral of Tax Upon Sale of Springing LLC Membership Interests. Unlike Interests in the Trust, membership interests in the Springing LLC will not be treated as direct ownership interests in real property for federal income tax purposes (including for purposes of a Section 1031 Exchange). **Thus, if the Trust transfers the Property to the Springing LLC in a Transfer Distribution, it is unlikely that any of the Beneficial Owners who receive membership interests in the Springing LLC will thereafter be able to defer the recognition of gain under Code Section 1031 upon a subsequent disposition of the Property or their membership interests in the Springing LLC.**

Delayed Closing; Inability to Close. Prospective Purchasers who are completing a Section 1031 Exchange should be aware that closing on their Replacement Property must occur before "the earlier of (i) the day which is 180 days after the date on which the taxpayer transferred the property relinquished in the exchange, or (ii) 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 Code Section 1031(a)(3)(B). No extensions will be granted or other relief afforded by the IRS 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 Code Section 1031. Prospective Purchasers are strongly encouraged to "identify" the maximum number of alternative Replacement Properties and not to identify only the Property in this Offering.

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

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

Status as a True Lease for Federal Income Tax Purposes. Transactions structured as leases may be recharacterized for federal income tax purposes to reflect their economic substance. For example, in appropriate circumstances a purported lease of property may be recharacterized as a sale of the property providing for deferred payments. Such a recharacterization in this context would have significant (and adverse) tax consequences. For example, if the Master Lease were to be recharacterized as a sale of the Property, then a Purchaser would be unable to treat the acquired Interest as qualified "replacement property" in a Section 1031 Exchange in that the Interest would constitute an interest in real property that the Purchaser would not hold for investment. That is, the Purchaser would be treated as having immediately sold the acquired interest in the Property to the Master Tenant with the Master Tenant being treated as purchasing the Property (and all of the interests therein) from the Purchasers in exchange for an installment note for federal income tax purposes. As a result, Purchasers attempting to participate in Section 1031 Exchanges would not be treated as having received qualified replacement property when they acquired their Interest because the Purchaser would be treated as having made a loan to the Master Tenant. As the owner of the Property for federal income tax purposes, the Master Tenant would be entitled to claim any depreciation deductions. To the extent that payments of "rent" were recharacterized as payments of interest and principal, the payment of principal would

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not be treated as the receipt of taxable income by the Purchasers and would not be deductible by the Master Tenant, as applicable. All of these consequences could have a significant impact on the tax consequences of an investment in an Interest.

Rev. Proc. 2001-28 sets forth advance ruling guidelines for "true lease" status. We have not sought, and do not expect to request, a ruling from the IRS under Revenue Procedure 2001-28. These ruling guidelines provide certain criteria that the IRS will require to be satisfied in order to issue a private letter ruling that a lease is a "true lease" for federal income tax purposes. In the event of an examination by the IRS, the IRS and, ultimately, the courts of applicable jurisdiction, would consider these ruling guidelines, together with existing cases and rulings, for purposes of determining whether a lease qualifies as a true lease for federal income tax purposes. However, Tax Counsel does not believe that strict compliance with Rev. Proc. 2001-28 is required to conclude that the Master Lease should be characterized as a true lease for federal income tax purposes. Rather, Tax Counsel believes that satisfying most of the material ruling guidelines should be sufficient for purposes of determining the characterization of the Master Lease for federal income tax purposes. We will receive an opinion of Tax Counsel that Tax Counsel believes the Master Lease satisfies most of the pertinent material conditions set forth in Rev. Proc. 2001-28 and that the Master Lease should be treated as a true lease rather than as a financing for federal income tax purposes and, therefore, the Purchasers (via their Interests in the Trust) should be treated as the true owners of the Property for federal income tax purposes. Similarly, if the Master Tenant were treated as a mere agent of the Trust rather than as a lessee, the power of the Master Tenant to make improvements to the Property and to re-lease the Property could be attributed to the Trust, and the Trust could be deemed to have powers prohibited under Rev. Rule 2004-86. We have considered the issue and, after having consulted with Tax Counsel, have concluded that that Master Tenant should not be treated as an agent of the Trust. However, there is no assurance that the IRS would agree with these positions.

Tax Penalties. The Tax Opinion was written to support the promotion or marketing of this transaction, and each Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor. Any discussion of the tax consequences of an investment in the Trust is not intended or written by the Sponsor or its counsel to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed under the Code.

Limitations on Losses and Credits from Passive Activities. 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 such passive activities generally may only be used to offset passive income. Interest deductions attributable to passive activities are treated as passive activity losses, and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation rule. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include trade or business activities in which the taxpayer does not materially participate and any rental activity. The Purchaser's income and loss from the Trust will constitute income and loss from passive activities. A taxpayer may deduct passive losses from rental real estate activities against other income if: (i) more than half of the personal services performed by the taxpayer in trades or businesses are performed in a real estate trade or business in which the taxpayer materially participates, and (ii) the taxpayer performs more than 750 hours of service during the tax year in real property trades or businesses in which the taxpayer materially participates. See "*Federal Income Tax Consequences - Other Tax Consequences - Limitations on Losses and Credits from Passive Activities*."

Limitation on Losses Under the At-Risk Rules. A Purchaser 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 such Purchaser is "at risk." Losses not allowed under the at-risk provisions may be carried forward to subsequent taxable years and used when the amount at risk increases. The rules regarding the applicability of the at risk rules to a particular Purchaser are complex and vary with the facts and circumstances particular to each Purchaser. Prospective Purchasers should consult their tax advisors with respect to the tax consequences to them of the rules described herein. See "*Federal Income Tax Consequences*."

Limitation on Excess Business Losses. Under the recent Tax Cuts and Jobs Act of 2017 (the "**TCJA**"), excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such losses are

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carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. The threshold amount, which is indexed for inflation, was $250,000 (or twice the applicable threshold amount in the case of a joint return) for 2018. The provision applies after the application of the passive loss rules, and applies at the partner or shareholder level in the case of a partnership or S corporation. See "*Federal Income Tax Consequences*."

Limitation on Business Interest Deductions. Under the TCJA, Code section 163(j) provides interest deductions for taxpayers with average annual gross receipts in excess of $25 million. Such deductions are generally deferred to the extent that annual business interest expense exceeds business interest income plus 30% of taxable income, subject to certain adjustments ("**ATI**"). On January 5, 2021, the Treasury and the IRS issued new final regulations under Code Section 163(j) (the "**2021 Final 163(j) Regulations**") and, in relevant part, clarified how taxpayers determine their ATI. Taxpayers generally determine their ATI by starting with "tentative taxable income" and applying additions and subtractions as specified in the existing Treasury Regulations consistent with the statute. One of the adjustments is the addition for depreciation, depletion and amortization for taxable years beginning after December 31, 2017, but before January 1, 2022 ("**DD&A**"). To prevent a double benefit in ATI, the existing Treasury Regulations provided a subtraction to tentative taxable income upon the sale or disposition of depreciable property that is equal to the greater of the DD&A allowed or allowable with respect to the property. The 2021 Final 163(j) Regulations provide taxpayers the option of an alternative method in determining such subtraction where it may be computed as the lesser of: (i) any gain recognized on the sale or disposition of such property, or (2) any DD&A with respect to such property. The 2021 Final 163(j) Regulations are complex and their application varies with the facts and circumstances particular to each Investor. Thus, each prospective Investor should consult with his, her, or its tax advisor concerning as to the application of the 2021 Final 163(j) Regulations to an investment in an Interest.

A real estate trade or business, however, may elect out of the deferral regime, in which case the business must depreciate certain types of real property by the straight-line method over slightly longer recovery periods under the alternative depreciation system (the "**ADS**") (i.e., 40 years for nonresidential property, 30 years for residential rental property, and 20 years for qualified interior improvements). While Beneficial Owners 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 a Beneficial Owner'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.

Beneficial Owners 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*."

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

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

No Decision Rights Regarding Sale Requirements for the Property. The Purchasers will not have any vote or decision-making authority with respect to the sale of the Property. If the Manager determines, in its sole discretion, that the sale of the Property is reasonable, then the Trust may sell it. This sale will occur without regard to the tax position, preferences or desires of any of the Purchasers, and the Purchasers will have no right to approve (or

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disapprove) of the sale of the Property. A Purchaser may or may not be able to defer the recognition of gain for federal, state or local income tax purposes when this sale occurs.

Tax Liability in Excess of Cash Distributions. It is possible that a Purchaser's tax liability resulting from its Interest will exceed its share of cash distributions from the Trust. This may occur because cash flow from the Property may be used to fund nondeductible operating or capital expenses of the Property. Thus, there may be years in which a Purchaser's tax liability exceeds its share of cash distributions from the Trust. The same tax consequences may result from a sale or transfer of an Interest, whether voluntary or involuntary, that gives rise to ordinary income or capital gain. If any of these circumstances occur, a Purchaser would have to use funds from other sources to satisfy its tax liability. See "*Federal Income Tax Consequences - Other Tax Consequences*."

Risk of Audit. An audit of the tax returns of a Beneficial Owner by the IRS or any other taxing authority could result in a challenge to, and disallowance of, some of the deductions claimed on such returns. An audit also could challenge the qualification of a Section 1031 Exchange. No assurance or warranty of any kind can be made with respect to the deductibility of any items, or of the qualification of a Section 1031 Exchange, in the event of either an audit or any litigation resulting from an audit. An audit of a Purchaser's tax returns could arise as a result of an examination by the IRS or any state or local taxing authority or any other taxing authority of tax returns filed by the Sponsor or its affiliates, or a Beneficial Owner or any information returns filed by the Trust.

Purchasers' Tax Liquidity. It is possible that a Purchaser's taxable income resulting from his, her or its Interest will exceed any distribution of cash attributable thereto. This may 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. Thus, there may be years in which a Purchaser's tax liability exceeds his, her or its share of cash from the Property. 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 a Purchaser 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 Purchasers, 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, a Purchasers would have to use funds from other sources to satisfy his, her or its tax liability.

Changes in Federal Income Tax Law. The discussion of tax aspects contained in this Memorandum is based on law presently in effect and certain proposed Treasury Regulations. Nonetheless, prospective Purchasers 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 or may not 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 an investment in an Interest. Specifically, the Biden-Harris Administration has proposed certain limitations on the deferral of gain for Section 1031 Exchanges that could, if enacted, restrict the ability to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property or beneficial interests in a fixed investment trust. Additionally, the U.S. Congress periodically evaluates various proposed modifications to the Section 1031 Exchange rules that could, if enacted, prospectively repeal or restrict the ability to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property or beneficial interests in a fixed investment trust. In particular, the TCJA, which generally takes effect for taxable years beginning on or after January 1, 2018 (subject to certain exceptions), makes many significant changes to the federal income tax laws (including Section Code 1031). On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**") was enacted into law in response to the economic fallout of the COVID-19 Pandemic and made various changes to the Code, many with retroactive effect. To date, the IRS has issued only limited guidance with respect to certain of the new provisions, and there are numerous interpretive issues that will require guidance. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future. An investment in an Interest involving solely real property was not impacted by the TCJA or the CARES Act for purposes of a Section 1031 Exchange. Specifically, subject to certain transition rules, for transfers effective after December 31, 2017, Section 1031 Exchanges are only allowed with respect to real property that is not held primarily for sale. Generally, tangible personal property and intangible property are no longer eligible for Section 1031 Exchanges. Thus, Purchasers will

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be able to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property, but not with respect to tangible or intangible personal property. However, no assurance can be given that the currently anticipated federal income tax treatment of an Interest will not be modified by future legislative, judicial or administrative changes possibly with retroactive effect. For example, repeal or amendment of Code Section 1031 or the Treasury Regulations promulgated thereunder could negatively impact the use of a Section 1031 Exchange in connection with a Beneficial Owner's exit strategy.

On November 23, 2020, the Treasury and the IRS released final regulations (the "**Final 1031 Regulations**") defining "real property" for purposes of Code Section 1031. Under the Final 1031 Regulations, property is classified as real property for purposes of Code Section 1031 if the property is (i) classified as real property under the law of the state or local jurisdiction in which the property is located (subject to certain exceptions), (ii) specifically listed as real property in the Final 1031 Regulations, such as land, improvements to land, unsevered natural products of land, water and air space superjacent to land, and certain intangible interests in real property, or (iii) considered real property based on all the facts and circumstances under the various factors provided in the Final 1031 Regulations. The Final 1031 Regulations have also provided guidance for taxpayers receiving incidental personal property or paying for incidental personal property with funds being held by a qualified intermediary during a Section 1031 Exchange. Paying for or receiving personal property during a Section 1031 Exchange will not disqualify the entire transaction as long as the personal property is considered "incidental." Personal property will be considered "incidental" to real property acquired in a Section 1031 Exchange if, (i) in standard commercial transactions, the personal property is typically transferred together with the real property, and (ii) the aggregate fair market value of the incidental personal property transferred with the real property does not exceed 15% of the aggregate fair market value of the Replacement Property. Each prospective Purchaser will have to determine with such his, her, or its own tax advisors whether an exchange engaged in by the prospective Purchaser satisfies the requirements of Code Section 1031. Prospective Purchasers should consult with their own tax advisors regarding the implications of the Final 1031 Regulations.

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

State and Local Taxes. In addition to federal income tax consequences, a prospective Purchaser should consider the state and local tax consequences of an investment in an Interest. Prospective Purchasers must consult with their own tax advisors concerning the applicability and impact of any state and local tax laws. Purchasers may be required to file state tax returns in the state where the Property is located in connection with the ownership of an Interest.

Accuracy-Related Penalties and Interest. In the event of an audit that disallows a Purchaser's deductions or disqualifies a Purchaser's Section 1031 Exchange, Purchasers should be aware that the IRS could assess significant penalties and interest on tax deficiencies. The Code provides for penalties relating to the accuracy of tax returns equal to 20% of the portion of the tax underpayment to which the penalty applies. The penalty applies to any portion of any understatement that is attributable to (i) negligence or disregard of rules or regulations, (ii) any substantial understatement of income tax, or (iii) any substantial valuation misstatement. A substantial valuation misstatement occurs if the value of any property or the adjusted basis of such property is 150% or more of the amount determined to be the proper valuation or adjusted basis. This penalty generally doubles if the property's valuation or the adjusted basis is overstated by 200% or more. In addition to these provisions, there is a 20% accuracy-related penalty is imposed on (i) listed or (ii) reportable transactions having a significant tax avoidance purpose. This penalty is increased to 30% if the transaction is not properly disclosed on the taxpayer's federal income tax return. Failure to disclose such a transaction can also prevent the applicable statute of limitations from running in certain circumstances and can subject the taxpayer to additional disclosure penalties ranging from $10,000 to $200,000, depending on the

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facts of the transaction. Any interest attributable to unpaid taxes associated with a non-disclosed reportable transaction may not be deductible for federal income tax purposes. See "*Federal Income Tax Consequences – Other Tax Consequences - Accuracy-Related Penalties and Penalties for the Failure to Disclose.*"

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

The Medicare Tax. Income and gain from passive activities may be subject to the "**Medicare Tax**." Certain Purchasers who are U.S. individuals are subject to the Medicare Tax, an additional 3.8% tax on their "net investment income" and certain estates and trusts are subject to an additional 3.8% tax on their undistributed "net investment income." 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 Purchasers should consult their tax advisors with respect to the tax consequences to them of the rules described above.

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ESTIMATED USE OF PROCEEDS

This table addresses the estimated use of proceeds from this Offering toward the costs, fees and expenses that have been incurred or may be incurred in connection with this Offering, including the selection and acquisition of the Property and procuring the related financing. The Trust is offering a maximum of $42,387,253 of Interests, representing 99% of the outstanding beneficial ownership interests in the Trust. Proceeds raised from Purchasers in this Offering will be used to redeem the Class 2 Beneficial Interests held by the Depositor in order to reimburse it for the costs, fees and expenses it has incurred as described below. See "*Summary of the Offering – The Trust*." This table does not address the allocation for Federal income tax purposes of the amount paid by a Purchaser for its Interest. Potential Purchasers should discuss with their own tax advisors the tax treatment of the purchase of an Interest.

The following table sets forth the estimated use of proceeds from the Offering:

	Offering Proceeds	Loan Proceeds	% of Offering Proceeds	% of Total Capitalization
Total Proceeds	$42,387,253	$38,431,000	100.0%	100.0%
Use of Proceeds				
Offering Expenses				
Organization and Offering Expenses[1]	$(254,324)	$(0)	0.60%	0.31%
Sales Commissions[2]	$(2,543,235)	$(0)	6.00%	3.15%
Managing Broker-Dealer Fee & Marketing/Due Diligence Expense Allowances[3][4]	$(1,123,262)	$(0)	2.65%	1.39%
Total	$(3,920,821)	$(0)	9.25%	4.85%
Acquisition Expenses				
Purchase Price of the Property[5]	$(33,079,448)	$(37,520,552)	78.04%	87.36%
Acquisition Fee[6]	$(1,412,000)	$(0)	3.33%	1.75%
Loan-Related Costs[7]	$(915,372)	$(0)	2.16%	1.13%
Other Closing Costs[8]	$(759,613)	$(0)	1.79%	0.94%
Lender-Controlled Reserves[9]	$(0)	$(910,448)	0.00%	1.13%
Trust-Controlled Reserves[10]	$(2,300,000)	$(0)	5.43%	2.85%
Total	$(38,466,432)	$(38,431,000)	90.75%	95.15%
Total Proceeds Used	$(42,387,253)	$(38,431,000)	100.00%	100.00%

(1) The Sponsor and its affiliates will be entitled to reimbursement for expenses incurred in connection with the Offering, on an accountable basis, including, but not limited to, the costs of organizing the Trust and other entities, estimated marketing, legal, finance, accounting, and printing fees and expenses incurred in connection with this Offering. See "*Compensation and Fees*."

(2) The Selling Group Members will make offers and sales of Interests on a "best efforts" basis. Bluerock Capital Markets, LLC as Managing Broker-Dealer will receive sales commissions of up to 6.0% of Total Sales, which it will re-allow to the Selling Group Members; provided, however, in the event a commission rate lower than 6.0% is negotiated with a Selling Group Member, the Managing Broker-Dealer will receive the lower agreed upon rate.

(3) The Managing Broker-Dealer will also receive a Managing Broker-Dealer Fee of up to 1.4% of Total Sales, which it may at its sole discretion partially re-allow to the Selling Group Members.

(4) The Managing Broker-Dealer will receive, on a non-accountable basis, and will re-allow to the Selling Group Members on a non-accountable basis, allowances for marketing and due diligence expenses of up to 1.25% of Total Sales.

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(5) The Purchase Price is exclusive of Acquisition Fee, Loan-Related Costs and Other Closing Costs. See "*Acquisition and Contribution of the Property and Financing Terms*."

(6) The Sponsor will earn an Acquisition Fee of $1,412,000 which equals 2.0% of the purchase price of the Property under the Original PSA, for its and its management team's services in the identification, negotiation and acquisition of the Property.

(7) "Loan-Related Costs" include the costs and fees payable to the Lender, its agents and the Sponsor, as well as the Carry Costs on the Bridge Financing. See "*Compensation and Fees*."

(8) "Other Closing Costs" include, as applicable, transfer taxes, title charges, escrow fees, document preparation fees, legal fees (other than Lender legal fees), third-party costs, recording fees and entity formation costs, and other related costs. See "*Acquisition and Contribution of the Property and Financing Terms*" and "*Compensation and Fees*." Each Purchaser will be responsible for the fees associated with their own legal, tax and other advisors.

(9) Loan proceeds have been deducted and escrowed in an amount equal to $910,448, representing $318,287 for the Tax and Insurance Escrow, $229,092 for the first two years of the Lender Replacement Reserves, and $363,069 for the Green replacement Reserve.

(10) It is anticipated that $2,300,000 of the Offering proceeds, assuming the Maximum Offering Amount is raised, will be funded into the Supplemental Trust Reserve, which will be Trust-controlled. To the extent that the actual Organization and Offering Expenses, Sales Commissions, Marketing/Due Diligence Expense Allowances, Loan-Related Costs, and Other Closing Costs are below the amounts projected, any such savings in any such line item will be used to fund overages in other categories, with any such remainder to be contributed to the Supplemental Trust Reserve. To the extent that the aggregate of the actual Organization and Offering Expenses, Loan-Related Costs and Other Closing Costs exceed the amounts projected, then any such shortfall will be funded first from savings in other categories and may be funded next from any other available reserves of the Trust.

For a description of the fees the Sponsor and its affiliates will receive in connection with the Offering, see "*Compensation and Fees*."

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COMPENSATION AND FEES

The Sponsor, the Managing Broker-Dealer, the Manager, the Master Tenant, the Property Manager, the Property Sub-Manager and their respective affiliates will earn fees in connection with the sourcing, due diligence and completion of the acquisition of the Property, and in connection with the offering and sale of Interests and the management, financing, leasing, operation and sale of the Property and receive reimbursement of expenses incurred by such parties in the Offering. The following table sets forth estimates of such compensation, fees, reimbursements and other compensation. Actual amounts may vary depending upon the timing and number of Interests sold, the performance of the Property and the timing of and proceeds from any sale of the Property.

Type of Compensation or Reimbursement	Method of Computation
Offering:	
Organization and Offering Expenses	The Sponsor and its affiliates will be entitled to reimbursement for Organization and Offering Expenses, on an accountable basis, estimated at $254,324 or 0.60% of the Offering Amount.
Sales Commissions:	The Managing Broker-Dealer will receive Sales Commissions up to 6.0% of Total Sales, which it will re-allow to the Selling Group Members; provided, however, in the event a lower commission rate is negotiated with a Selling Group Member, the Managing Broker-Dealer will receive the lower agreed upon rate. The maximum Sales Commissions are estimated to be $2,543,235.
Marketing/Due Diligence Expense Allowances; Managing Broker-Dealer Fee:	The Managing Broker-Dealer will receive, on a non-accountable basis, and will re-allow to the Selling Group Members on a non-accountable basis, allowances for marketing and due diligence expenses of up to 1.25% of Total Sales. The Managing Broker-Dealer will also receive a Managing Broker-Dealer Fee of up to 1.4% of Total Sales, which it may at its sole discretion partially re-allow to the Selling Group Members. The maximum Marketing/Due Diligence Expense Allowance is estimated to be $529,841 and the maximum Managing Broker-Dealer Fee is estimated to be $593,422. The Managing Broker-Dealer is an affiliate of the Sponsor.
Sponsor's Acquisition Fee:	The Sponsor will receive an Acquisition Fee of $1,412,000 (representing 2.0% of the purchase price of the Property under the Original PSA for its and its management team's services in the identification, negotiation and acquisition of the Property.
Loan-Related Costs	Loan-Related Costs are estimated at $915,372, including (i) the fees and costs payable to the Lender and its agents for the closing of the Loan, and (ii) the expenses and fees incurred and Carry Costs including an estimated $93,715 payable to an affiliate of Bluerock, which could be viewed as compensation to the Sponsor because such costs were incurred in order to enable it to cause the Trust to acquire the Property.
Redemption of Class 2 Beneficial Interests held by the Depositor	Excluding the Retained Interest, the Trust will redeem all of the Class 2 Beneficial Interests held by the Depositor as provided in the Depositor's Operating Agreement.

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Type of Compensation or Reimbursement	Method of Computation
Other Closing Costs	The Sponsor and its affiliates will be entitled to reimbursement for their other legal and closing costs actually incurred in connection with the due diligence and acquisition of the Property, including but not limited to in connection with the Depositor Contribution, estimated at $759,613. Such costs include, if applicable, transfer taxes, title charges, escrow fees, document preparation fees, legal fees (other than the Lender legal fees), third-party costs, recording fees, entity formation costs and other related costs.
Operations:	
Distributions	The Depositor will receive its proportionate share of distributions by the Trust proportionate to its Class 2 Beneficial Interests (i.e., the unsold Interests), including the Retained Interest.
Master Lease Operating Profit	The Master Tenant will retain net operating revenues from the Property that exceed the total rent payable to the Trust under the Master Lease.
Property Management Fee	The Property Manager will receive a property management fee (the "**Property Management Fee**") equal to 2.75% of the monthly Gross Receipts realized for the Property (as defined in the Property Management Agreement). The Property Manager has sub-contracted the day-to-day property management functions for the Property to RKW Residential. In the current Sub-Property Management Agreement with RKW Residential, the Property Manager will pay RKW Residential the entire Property Management Fee. However, as detailed more fully in the Property Management Agreement, the Master Tenant's obligation to pay the Property Management Fee is subject and subordinate to its obligation under the Loan. In addition, the Property Manager and Property Sub-Manager will be reimbursed for certain expenses. The Property Management Fee and any expense reimbursements shall be paid solely by the Master Tenant. For its supervisory services, the Property Manager may receive an amount equal to the savings if the Property Sub-Manager's monthly management fee is reduced below 2.75% of the Gross Receipts realized for the Property.
Asset Management Fee	The Master Tenant will be obligated under the Property Management Agreement to pay the Property Manager an annual Asset Management Fee for managing the Property's day-to-day operations, which will be equal to 0.20% of the purchase price under the Original PSA, or $141,200, pro-rated for 2021, and paid monthly in arrears. The Asset Management Fee for subsequent years will be paid on a pro rata basis, monthly in arrears, and if the Property Management Agreement terminates during any calendar year, will be pro-rated for any such partial year. The Property Manager may elect to be paid less than the full amount of the Asset Management Fee to which it is entitled under the Property Management Agreement, in which event the Property Manager may also elect to defer or accrue such amounts, without interest, to be paid at a later point in time. Any deferred and accrued Asset Management Fees will be due and payable in full upon a disposition of the Property from the proceeds of the sale thereof.

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Type of Compensation or Reimbursement	Method of Computation
Liquidation:	
Retained Interest	The Depositor, through its ownership of Class 2 Beneficial Interests, including the Retained Interest in the event that the Maximum Offering Amount is achieved, shall receive its proportional share of any proceeds from the sale, exchange or other disposition of the Property.
Disposition Fees	The Manager will receive a disposition fee from the Trust equal to 3.5% of the gross proceeds of the sale, exchange or other disposition of the Property (the "**Disposition Fee**") from which it shall pay all sales commissions payable to any third-party broker in connection with the sale, such that the aggregate amount of the Disposition Fee plus the third-party brokerage commission does not exceed 3.5% of the gross sales price of the Property.

To the extent that the actual Organization and Offering Expenses, Sales Commissions, Marketing/Due Diligence Expense Allowances, Loan-Related Costs and/or Other Closing Costs are below the amounts projected or estimated for any particular line item, any such savings will be used first to fund overages in other categories and next to further fund the Supplemental Trust Reserve for the benefit of the Trust. If, however, the actual Organization and Offering Expenses, Loan-Related Costs and/or Other Closing Costs exceed the amounts projected or estimated, then any such shortfall will be funded first from savings in other categories and may be funded next from any other available reserves of the Trust (the "**Trust Reserves**").

The Sponsor, the Master Tenant, the Manager, the Property Manager and their respective affiliates shall receive additional compensation for any additional services performed on behalf of the Trust or Beneficial Owners so long as such services are provided on terms and conditions no less favorable to the Trust and Beneficial Owners than could be obtained from independent third parties for comparable services in the same location. The independent Trustee will also receive customary compensation from the Trust.

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THE PROPERTY

Overview

The Property, commonly known as "79 West" is a Class A, garden-style apartment community consisting of 304 units located in Panama City Beach, part of the Panama City Metro at 102 Cabana Cay Circle, Panama City Beach, Florida 32413. The Property, completed in 2007, is situated on approximately 19.96 acres and contains 252,522 rentable square feet comprised of one and two-bedroom floor plans averaging 831 square feet per unit. The Property features top-of-the-market community amenities including a newly built clubhouse, resort style swimming pool, state-of-the-art fitness center, two spa hot tubs, bark park, elevators, guest parking, ocean views, a gazebo, and is walking distance to the beach. Apartment amenities include a balcony or patio, central air and heating, dishwasher, tile floors, and washers and dryers. In addition, select units also include an all-electric kitchen, breakfast bar, bunk room, den or study, kitchen island, walk-in closets and ocean views.

The Property is located in Panama City Beach, Florida, part of the Panama City Metro. The Property offers excellent visibility, located on the corner of Front Beach Road and FL-79 and distinguishes itself in the area as one of the few class A apartment communities with walkability to the Panama City Beach. The Property's location provides superb connectivity to all major transportation arteries in the area, including Northwest Florida Beaches International Airport, FL-79, Front Beach Road and US-98, which connects Panama City Beach to the mainland and to the central business district as well as numerous employment centers in Panama City. The Property's location delivers easy access to the major employers in the area including Tyndall Air Force Base, Gulf Coast Medical Center and Ascension Sacred Heart Bay Medical Center. Additionally, the Property is less than 2.5 miles from Pier Park and Pier Park North, providing more than 1 million square feet of desired retail and dining options including Old Navy, Red Robin, Starbucks, Bed Bath and Beyond, and Chili's. The Property also provides its tenants with superb walkability to some of Panama City Beach's 27 miles of white sand beaches.

Property Features & Specifications

General Specifications

Property Name:	79 West
Property Address:	102 Cabana Cay Circle Panama City Beach, Florida 32413
Year Completed:	2007
Site Area:	19.96 acres
Rentable Building Area:	252,522
Unit Sizes/Floor Plans:	The Property offers 229 one bedroom/one and a half bathroom units (75%) and 75 two bedroom/two bathroom units (25%). The average unit size is 831 square feet.

Unit Mix

Type	Number	Size	Total SF
1/1.5	229	728	166,712
2/2	55	1,134	62,370
2/2	20	1,172	23,440
Total/Average	**304**	**831**	**252,522**

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Parking: The Property has 530 total parking spaces (1.74 spaces per unit)

Property Amenities: Property amenities include:

Outdoor:

- Resort style swimming pool
- two spa hot tubs
- Bark park
- Guest parking
- Ocean views
- Gazebo
- Walking distance to the beach

Indoor:

- Newly built clubhouse
- State-of-the-art fitness center
- Elevators

Individual Unit Amenities: Unit features include:

- All-electric kitchen*
- Balcony or patio
- Breakfast bar*
- Bunk room*
- Central air and heating
- Den or study*
- Dishwasher
- Kitchen island*
- Tile floors
- Ocean views available
- Walk-in closets*
- Washer and dryer

* Select units only

Construction

Exterior: The exterior walls are finished with painted cement stucco with aluminum and painted wood trim components. Insulation is presumed to be fiberglass batt.

Foundation: The Property's foundations appear to be constructed of post tensioned concrete slabs on grade with perimeter and interior grade beams.

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Roof:	The pitched roofs are wood truss framed with plywood sheathing and are covered with standing seam metal roofing panels.
Structural Frame:	The Property has "concrete masonry unit" exterior and demising walls, wood framed partition walls, and the upper level floors are wood framed with a lightweight concrete topping.
HVAC:	Dwelling unit heating and cooling are primarily provided by standard residential HVAC systems consisting of thru-wall or closet mounted package heat pump units. The equipment observed had 2.0 to 2.5-ton cooling capacities based on dwelling unit size. Digital, non-programmable thermostats control the HVAC equipment and conditioned air is blown through ductwork in the ceilings and furred down sections of the halls.
Water Heater:	The plumbing systems include the hot and cold water supply. The main domestic water conveyance piping was observed and reported to be chlorinated polyvinyl chloride.
Electrical:	Electrical transformers are utility owned and are pad mounted. Transformed power is supplied to the individual meter gangs, and then to the subpanels in the units. Service mains and dwelling unit main boxes and meters are located within closets along the exteriors of the Property. Dwelling units are individually metered with 125-amps of electric service. Copper branch building wiring was observed in the limited locations checked during the assessment and reported by management. Overload protection is provided by breakered subpanels, and bathrooms and kitchens observed were equipped with ground fault circuit interrupter protection.
Countertops:	Granite countertops.
Cabinets:	Painted wood-framed cabinetry.
Flooring:	Apartment flooring typically consists of carpet in all bedrooms and ceramic tile flooring in the remainder of the units.
Appliances:	Apartment kitchens are equipped with various brand, white or stainless finish refrigerators, four-burner electric range/stoves with microwave vent hoods, dishwashers, and garbage disposals are provided under the sinks.
Washer / Dryer:	All units are equipped with stackable washers and dryers.

Appraisal

In connection with the Loan, the Sponsor obtained an appraisal for the Property prepared by CBRE dated December 10, 2021 (the "**Appraisal**"), reflecting a market value "As-Is" for the Property, as of December 7, 2021, of $72,000,000 which is $1,400,000 higher than the purchase price.

Property Condition Report

Bluerock has received the PCA Report dated December 1, 2021, from Blackstone Consulting. The PCA Report concluded that the Property was in generally good condition for properties of similar type and age in the area. The PCA Report identified that there are $50,000 in immediate repairs consisting of $38,000 for exterior repairs, power washing, and spot painting where needed, $5,000 for replacement of the inoperable pool filtration systems, $2,000 for all fire riser rooms to be inspected, sources of moisture identified and corrected, and all moisture and AMG impacted materials be replaced/remediated, and $5,000 to properly abandon an out of use irrigation well.

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The PCA Report recommended recurring capital reserves for likely repairs and replacements necessary during the next 12 years. The estimated total of the immediate and future capital needs is $839,654 primarily comprised of the following items:

- **Site:** Asphalt repairs and crack sealing ($10,000), and sealcoat and striping ($35,065). Subtotal: $45,065.

- **Architectural Components:** Exterior maintenance, painting, and sealing ($91,200), swimming pool liner ($21,000), swimming pool filtration equipment ($10,000), and swimming pool heater ($5,000). Subtotal: $127,200.

- **Mechanical / Electrical / Plumbing Components:** Water heaters ($60,800), and package units ($102,600). Subtotal: $163,400.

- **Dwelling Unit and Common Area Components:** Carpet ($109,440), vinyl plank flooring ($27,000), refrigerators ($72,281), range/stove ($62,644), dishwashers ($46,260), microwaves ($49,564), and washers and dryers ($136,800). Subtotal: $503,989.

Following completion of the sale of the Maximum Offering Amount, the Trust would have approximately $2,300,000 in the Supplemental Trust Reserve, plus $229,092 from the Lender Replacement Reserve, plus $363,069 from the Green Improvement Reserve (totaling $2,892,161), versus $839,654 estimated capital repair items estimated by the PCA Report.

At your request, Sponsor will provide you with a copy of the PCA Report.

Environmental Site Assessment

The Property has been evaluated for environmental hazards on behalf of the Lender pursuant to a non-invasive Phase I Environmental Site Assessment Report, dated December 1, 2021 (the "**Phase I Report**") prepared by Blackstone Consulting, based on a Property visit conducted on November 18, 2021. The Phase I Report, which consisted of a walk-through observation of the accessible areas and interviews with facility personnel and local agency representatives, interviews with relevant personnel, limited observations of surrounding properties, and a records review including regulatory databases and historical use information found there to be AMG and moisture damage in the fire riser rooms surveyed. In addition, Blackstone Consulting recommends that a moisture management plan be prepared for the Property. The Sponsor has determined the nature of the issue and intends to remediate with removal of surface AMG. The Phase I Report indicated no evidence of recognized environmental conditions, controlled recognized environmental conditions, or historical recognized environmental conditions in connection with the Property.

At your request, Sponsor will provide you with a copy of the Phase I Report.

Zoning

According to the "**Zoning Report**" report from The Planning and Zoning Resource Company, dated December 10, 2021, the Property is zoned "Commercial High Intensity", and according to the Zoning Report, is in legal conforming use.

Seismic Zone

According to the United States Geological Service Earthquake Hazards Program online mapping tool (https://earthquake.usgs.gov/hazards/interactive/), the Screening Peak Ground Acceleration for the Property is 0.014 g (10% probability of exceedance in 50 years).

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Wind Zone

Blackstone Consulting performed a review of the Wind Zone Map published by the Federal Emergency Management Agency. According to the map, the Property appears to be located in Wind Zone III, an area with design wind speeds up to 200 miles per hour. The Property does not appear to be located in a special wind region; however, the property is located in a hurricane susceptible zone.

The Property appears to have little or no potential for the following: earthquake, volcanic activity, flood, landslide, or wildfire. However, there is a potential for hurricanes and associated tornadoes based on geographic location, and sinkholes due to unknown underlying soil conditions.

Flood Zone

Based on a review of FEMA Flood Insurance Rate Map Number 12005C0282H, effective June 2, 2009, the Property is located within non-shaded Flood Zone X, which is defined as “area of minimal flood hazard”.

Agreements Affecting the Property

The Property is subject to various easements, declarations, restrictions, encroachments and other agreements of record with neighboring landowners, and local governmental entities, none of which we believe are material.

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BUSINESS PLAN

General

The ownership objectives for the Property will be to (i) preserve the investors' capital investment, (ii) make monthly distributions starting at 4.01% per annum in year one and projected to range from 4.01% to 5.15% per annum in years two through ten, which may be partially tax-deferred as a result of depreciation and amortization expenses, (iii) implement institutional management to maximize lease and rent increase potential and install stainless steel appliances in the remaining 257 units to create additional Property value, and (iv) sell the Property at a profit within approximately seven to ten years. Further, the Sponsor plans to achieve these objectives by, among other things, increasing the net operating income through growth in rental rates, expense control through professional property management and diligent asset management, and further enhance and efficiently market the Property's live / work / play / socialize / lifestyle attributes to appeal to more affluent tenants in order to further increase the Property's value and Purchaser's investments in the Trust. There is no guarantee that the objectives will be successfully achieved, that the Property's value will be enhanced, or that the Property will be sold within the planned time period.

Value Creation Opportunity

BVEX is a national sponsor of syndicated Section 1031 Exchange offerings with a focus on properties that can deliver stable cash flows with the potential for value creation. BVEX believes the Property is well positioned for additional significant rental rate growth and appreciation due to strong rental demand in the area, a growing population driven by strong in-migration, and its desirable location with close proximity to Panama City Beaches. BVEX plans to implement the following initiatives to enhance the Property's value:

- Implement a value-add program encompassing the remaining 257 units at the Property with unit upgrades at an average cost estimate of approximately $1,800 per unit, which are projected to generate an average $50 increase in rent per unit per month, and will include upgraded stainless steel appliances for a targeted return on investment of 38%. The value-add program is expected to assist the Property in bridging the gap in effective rents between the Property and newer built properties.

- Implement aggressive marketing campaigns to reach out to local corporations, businesses and vendors to obtain referrals, activity sponsorships and reciprocal business opportunities.

- Enhance the Property's internet marketing by engaging an internet firm specializing in search engine optimization. The utilization of a search engine optimization firm will improve the Property's online presence resulting in more cost efficient and cost-effective marketing. The firm will provide community-tailored paid internet search advertising campaigns.

- Hire a nationally recognized third-party property management company to oversee an on-site management team of experienced and enthusiastic professionals.

- Install a state-of-the-art computerized revenue management program that collates market and submarket data and establishes daily pricing for all units based on a number of primary factors including inventory, days on market, move-in date and location. This type of computerized revenue enhancement system is gaining wide acceptance in the multifamily management industry as being a cost-effective software program that will manage pricing in an effort to increase the financial performance of the Property.

- Introduce and monitor more aggressive increases in "Other Income" such as administrative fees, application fees, transfer fees, pet deposits and pet rent.

- Install a lease management system that targets the number of monthly lease expirations to approximately 10% of the units.

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- Install a reputational management system that enhances the Property's on-line rating scores on industry rating sites as well as multiple search engine rating sites. In today's technology driven market, a property's on-line rating scores are critical search components for prospective residents.
- Conduct regular meetings between the Master Tenant's asset managers and the regional third-party staff reviewing performance reports including new leasing activity, retention activity, pricing matrix, marketing programs and capital projects.
- Hold regular resident functions to foster a sense of community thereby increasing tenant retention.

BVEX also plans to implement asset management programs including:

- Maximize occupancy through implementation of a multiplatform marketing program including a focus on website and internet advertising, as well as utilization of print media if applicable.
- Leverage economies of scale with cost effective pricing structure on contractor and vendor services, insurance and maintenance supply inventory.
- Perform annual competitive bidding of contracts and services.
- Implement an annual property tax review and appeal program utilizing recognized national and/or local area tax consultants.
- Implement an annual property insurance review utilizing recognized national insurance agencies.

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MARKET AND LOCATION OVERVIEW

The following is a brief summary of the real estate market in which the Property is located. Unless otherwise indicated, the information in this section has been taken from the Appraisal and other third-party reports or sources. Neither the Trust nor the Sponsor have independently verified the information obtained from these sources and they cannot assure you of the accuracy or completeness of the data. You are encouraged to request from the Company a copy of the Appraisal and the market reports referred to below, and to review them in their entirety, prior to investing in the Interests. Forecasts and other forward-looking information in the Appraisal and other sources are subject to the same qualifications and the additional uncertainties regarding other forward-looking statements in this Memorandum.

REGIONAL OVERVIEW

The Property is located in Panama City Beach, Florida in Bay County, part of the Panama City Metro approximately 16 miles northwest of downtown Panama City located near the beach along US-98 and US-30. The Panama City Metro is known for its tourism, seeing more than 7 million tourists a year, given its favorable weather and sought after beaches. The Panama City Metro has seen significant growth with a current population of approximately 175,000 and continued growth projected through 2026. The Appraisal summarizes the Panama City Metro by providing that the area is expected to see an increase of population and household income. This can be contributed to a strong employment market as well as enjoyable weather. (Source: Appraisal)

Panama City Metro Highlights

- The Panama City Metro's economy is forecasted to be 15% larger in 2025 than it was in 2019, outpacing the national economy by 1.4%. (Source: Oxford Economics)
- The Panama City Metro's total employment growth through 2025 of 5.3% is expected to outperform the national average. (Source: Oxford Economics)
- The Panama City Metro sees more than seven million tourists a year. (Source: Walker and Dunlop)
- The Panama City Metro has an average household income of more than $77,000, which is expected to grow nearly 10% over the next five years. (Source: Appraisal)
- The Panama City Metro has a highly educated population with 24.9% of individuals over the age of 24 holding a college degree, including 9.2% of those with a graduate degree. (Source: Appraisal)

LOCAL OVERVIEW

Panama City Beach is located in Bay County, part of northwest Florida, between Tallahassee and Pensacola, and along the Gulf of Mexico, which is known for its white sand beaches and warm weather.

Bay County sprawls across more than 1,030 square miles, including nearly 800 square miles of land. It is also home to 27 miles of coastline and is positioned only 13 to 23 feet above sea level. The county is known for its favorable weather including 320 days of sunshine each year, average temperature of more than 67 degrees Fahrenheit, and an average water temperature of nearly 72 degrees Fahrenheit. Additionally, the county is within 300 miles of many major Southeastern United States cities including Atlanta, Georgia, Tallahassee, Florida, Jacksonville, Florida, and New Orleans, Louisiana.

Bay County is transitioning from a place commonly known for its tourism, to a place that is more attractive for commerce. In 2010, the county was ranked as the #1 area for economic growth in the United States. Bay County offers many assets including the newest United States international airport, Northwest Florida Beaches International Airport, a growing deep-water port, Port of Panama City, and is home to the state's youngest mean population providing a young, energetic workforce. (Source: Bay Economic Development Alliance)

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Key Investment Considerations:

- **Instant value creation** as the Property was purchased for $1,400,000 million below appraised value. (Source: Appraisal)
- **Recent $3.5 million in capital improvements** performed by the seller including a newly built clubhouse, state-of-the-art fitness center, upgraded landscaping, upgraded playground, and pool furniture.
- **Additional value-add opportunity** with a planned stainless steel appliances upgrade in the remaining 257 units for a targeted 38% return on investment through increased rents.
- **Opportunity for significant rent increases with 15% average year-over-year rent growth** on new leases over the last 5 months.
- The Property is one of the **few class A multifamily properties in the area with walkability** to the highly acclaimed Panama City beaches.
- The Property is located approximately **two miles from over 1 million square feet of retail services**, including Pier Park, a major open air destination shopping center**.**
- **Access to a strong and growing healthcare employment** presence with two major hospitals.
- **Average household income of more than $88,000** within a 3-mile radius; approximately 14% higher than the metro average. (Source: Appraisal)

ECONOMY

The Panama City Metro's top employers are led by the healthcare, education and defense industries. The top employers in the Panama City Metro are listed below.

Panama City Metro Top Employers		
	Business	**Employees**
Tyndall Air Force Base	Defense	7,706
Ascension Sacred Heart Bay Medical Center	Healthcare	2,000
Naval Support Activity	Defense	1,853
Wal-Mart Stores Inc.	Retail	1,500
Gulf Coast Medical Center	Healthcare	1,200
Eastern Shipbuilding Inc.	Marine	1,061
Sallie Mae	Financial Services Education	700
Gulf Coast State College	Education	600
Emerald Waste Services	Waste Management	500
Bookit.com	Travel Technology	500

Source: Walker & Dunlop

Economic Growth and Employment

Despite a downturn from the COVID-19 Pandemic, economic growth and employment projections remain healthy in the Panama City Metro. According to the Appraisal, the Panama City Metro has an unemployment rate of 3.6%, besting the national average. The Appraisal also states that the Panama City Metro has a high concentration of healthcare, food service and retail workers.

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The Panama City Metro's 2021 median household income was $77,474, indicating the area is comprised of middle-to-upper income earners. Additionally, the appraisal notes that the Panama City Metro is expected to see continued income growth through 2026. (Source: Appraisal)

The Panama City Metro's unemployment rate is less than the national unemployment rate and lower than the state of Florida's. The table below compares the Panama City Metro unemployment rate with Florida and the nation.

Panama City Metro Historical Unemployment Rate (Not Seasonally Adjusted)					
Sept 2021	2020	2019	2018	2017	2016
3.6%	3.3%	3.3%	6.6%	4.0%	4.9%
Florida State Historical Unemployment Rate (Not Seasonally Adjusted)					
Sept 2021	2020	2019	2018	2017	2016
4.9%	5.1%	3.2%	3.5%	4.0%	4.8%
National Historical Unemployment Rate (Not Seasonally Adjusted)					
Sept 2021	2020	2019	2018	2017	2016
4.8%	6.7%	3.6%	3.9%	4.1%	4.7%

Source: Bureau of Labor Statistics

Panama City Metro Economic Driver: Defense

The defense sector is a substantial stabilizing force for the local Panama City Metro economy. In total there are seven military installations in Bay County. Some of these bases include Tyndall Air Force Base, Naval Support Activity Panama City, Naval Surface Warfare Center Panama City Division, and the Gulf of Mexico Range Complex. These four bases provide an economic impact of nearly $1.4 billion and employ more than 13,000 military and civilian personnel. The prominent military presence has served as a catalyst for attracting research activity, defense contractors and aviation and aerospace related companies and suppliers. Nearly every nationally recognized defense contractor has a presence in Bay County.

- **Tyndall Air Force Base** is one of the country's largest Air Education and Training Command bases and the home of air dominance training. Tyndall Air Force Base is also home to the 325th Fighter Wing, which provides training to the F-22 Raptor fighter pilots, maintenance personnel, air battle managers, intelligence officers, crew chiefs and air traffic controllers. The 53rd Weapons Evaluation Group is also located at Tyndall Air Force Base which conducts the Air Force's air-to-air and air-to-ground Weapon System Evaluation Programs.
- **Naval Support Activity Panama City** provides research and development and in-service support for expeditionary, amphibious warfare, diving maritime special operations and mine warfare. Naval Support Activity Panama City is home to several unique centers including the National Center of Expertise for all military diving through the operation of the Navy Experimental Diving Unit, the Naval Diving and Salvage Training Center and the Center for Navy Ordnance Disposal and Diving.
- **Naval Surface Warfare Center Panama City Division** is the largest tenant at Naval Support Activity Panama City. It is one of the major research, development, test and evaluation laboratories of the Navy, boasting a wide base of expertise in engineering and scientific disciplines in the mission areas of mine warfare, expeditionary warfare, special warfare and diving and life support.
- **Gulf of Mexico Range Complex** is used for pioneering testing of air-to-air missile firing missions and self-sufficient vehicle technology. The range represents an essential combination of air, land and sea space that provides realistic training areas for air, surface and submarine units.
  (Source: Bay County Economic Development Alliance)

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The Panama City Metro Economic Driver: Healthcare

The Panama City Metro is home to two major medical centers, Ascension Sacred Heart Bay Medical Center and Gulf Coast Regional Medical Center. Both hospitals are major employers for the area and provide acute care to residents and visitors. Gulf Coast Regional Medical Center is home to 223 beds while Ascension Sacred Heart Bay is home to 202 beds. Additionally, Gulf Coast Regional Medical Center employs more than 1,200 personnel while Ascension Sacred Heart Bay employs approximately 2,000.

Ascension Sacred Heart Bay provides a wide range of services including emergency services, heart surgery and interventional cardiology procedures, general surgery, and is home to the area's only trauma center. As part of its recovery from Hurricane Michael, the hospital launched a $47 million plan to repair its facilities. Additionally, Ascension Sacred Heart Bay is home to the Struder Family Children's Hospital, Northwest Florida's only children's hospital. The Struder Family Children's Hospital is home to more than 120 board-certified doctors, caring for kids across 30 pediatric specialties including pediatric intensive care, cancer care, pediatric surgery and rehabilitation. (Source: Ascension Regional Medical Center)

Gulf Coast Regional Medical Center is a fully accredited health care system, home to 1,200 employees and 600 physicians. Gulf Coast Regional Medical Center is certified in advanced primary stroke care, accredited as a comprehensive breast care center, and is the area's only accredited chest pain center with primary percutaneous coronary intervention and resuscitation. The hospital offers a variety of services including orthopedic care and joint replacement, robotic surgery, cardiac, vascular and interventional services. Gulf Coast Regional Medical Center provides the only Pediatric emergency room in the area and the only Level III Neonatal Intensive Care Unit and Pediatric Intensive Care Unit in the region. Gulf Coast Regional Medical Center is owned by HCA Healthcare. HCA Healthcare is one of the nation's leading providers of healthcare services, HCA Healthcare is comprised of 185 hospitals and more than 2,000 sites of care across 20 states and the United Kingdom. Gulf Coast Regional Medical Center is rapidly expanding, recently announcing at the end of June 2021 a $24 million expansion project to add over 13,000 square feet and add an additional 6,000 square feet to the hospital's diagnostic and rehabilitation center. This latest investment brings the hospital's three-year capital investment to nearly $148 million, while also creating 180 new jobs in the community. In addition to this project, the hospital announced plans at the beginning of June 2021 to invest $11 million into a free standing emergency department in Panama City Beach. (Source: Gulf Coast Regional Medical Center)

The Panama City Metro Economic Driver: Logistics and Manufacturing

The Northwest Florida Beaches International Airport, Port of Panama City (the "**Port of Panama City**"), and Bay County's location adjacent to the Interstate-10 Corridor makes the Panama City Metro a premier location for the logistics and manufacturing industry. Additionally, the area's logistics and manufacturing industry is seeing outsized growth with the addition of West Bay, a new regional economic center and master planned community by the St. Joe Company. The Panama City Metro is full of manufacturing companies and workforce talent.

The Panama City Metro is home to nearly 800 manufacturing firms, and a workforce of 56,000 manufacturing employees within a one-hour drive. Additionally, the Panama City Metro is proximate to 12 automotive and six aerospace original equipment manufacturers providing a thriving manufacturing industry. There is an emphasis on these industries which is expected to benefit from $1.5 billion in economic development enhancements, including workforce training and infrastructure for the next 15 years. Some of the leading manufacturing subindustries in the Panama City Metro and Northwest Florida include Rolled Steel Shape, Explosives, Turbine and Turbine Generator Set Units, and Guided Missile and Space Vehicle Propulsion Units. These subindustries have a 6 to 12 times higher concentration ratio than that of the national average.

The Panama City Metro's manufacturing industry significantly benefits from its access to the robust logistics industry. The logistics industry is supported by the Port of Panama City and the Northwest Florida Beaches International Airport. The Port of Panama City offers six deep-water berths, Foreign Trade Zone status, and a 250-acre Intermodal Distribution Center. This, coupled with the international airport, make the Panama City Metro an ideal hub for international trade. (Source: Florida's Great Northwest)

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Panama City Beach Economic Driver: Tourism

Panama City Beach is home to nearly 13,000 residents but sees 4.5 million tourists annually. Panama City Beach is the fastest growing city of Bay County. The tourism industry is critical for Panama City Beach and Bay County, with a $2.7 billion dollar economic impact to the county. Aiming to sustain the tourism industry, Panama City Beach's renourishment project keeps the beaches along the Gulf of Mexico in pristine condition as the area continues to foster growth with an industrial park, large Conservation Park and commercial office park, Pier Park, amphitheater, swimming area, walking paths and a large commercial/entertainment area. In addition to pristine beaches, Panama City Beach also provides visitor with other options including parks, golf courses, and fishing piers. (Source: Bay County Chamber of Commerce)

A recent article in Panama City News Herald talks about the importance of the tourism industry to Panama City Beach's economy. The article claims, "[a]long with boosting local businesses, one of the main ways tourists contribute to the community is through bed taxes, or lodging fees placed on short-term rentals. Those fees are redistributed throughout the community to help fund a variety of things, including beach renourishment projects, lifeguard programs and law enforcement agencies". The article goes on to talk about the aforementioned bed taxes saying that the tax revenue contributed between $21 million and almost $26 million to the local economy during the last three years. (Source: Panama City News Herald)

Regional Economic Summary

The Appraisal concludes the regional economy as one that will continue to remain stable. The Panama City Metro area will continue to benefit from tourism and healthcare to catalyze near-term employment and output growth. The Appraisal provides that over the long-term, the economy is expected to continue to benefit from a strong military presence and optimal location for the manufacturing and logistics industries.

Transportation

The Panama City Metro is home to a robust transportation system including Northwest Florida Beaches International Airport, a fluid road system, and a robust railway system. A transportation system of this magnitude is not common for an area of the Panama City Metro's size and is advantageous to the area's economic development.

- Northwest Florida Beach International Airport expands the Panama City Metro's tourism and business appeal, providing easier connectivity. The airport is the first new greenfield airport to be built in the United States since 1995 and was also designed with LEED standards. The airport is located in West Bay near Panama City and Panama City Beach and serves as an international gateway for the region.

- The Panama City Metro has many highways and interstates that connect Northwest Florida to numerous destinations throughout the United States. Interstate-10 is the southernmost highway in the United States and is responsible for connecting Florida to California. Additionally, Interstate-10 intersects with nine out of the ten north-south interstate highways. The area provides connectivity to numerous other major highways including US-98 and US-231. There are also other connectors in the planning process including the Gulf Coast Parkway. The parkway is projected to be four lanes wide and about 24 miles long and will connect Walton County to the Northwest Florida Beaches International Airport.

- The Bay Line Railroad is operated by Genesee and Wyoming. The 103-mile short-line freight railroad and interchanges with Norfolk Southern and CSX Transportation. The railroad is responsible for connecting CSX Transportation's 21,000-mile network in Cottondale, Florida and Dalton, Alabama, which serves major population concentrations in 23 states east of the Mississippi River as well as parts of Canada. Norfolk Southern's network connects in Dothan, Alabama, serving 22 states and every major container port in the Eastern United Stated.
  (Source: Bay Economic Development Alliance)

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West Bay

West Bay is a planned development comprised of 71,000 acres and surrounds the Northwest Florida Beaches International Airport. West Bay is a new regional economic center and master planned community by the St. Joe Company. West Bay is Florida's first approved Sector Plan, allowing for planned development over the next 50 years. The West Bay Sector Plan's initial entitlements accommodate 27,000 residential units, 4.4 million square feet of commercial, industrial, and retail uses, and 900 marina slips. In its first phase more than 1,000 acres are planned within visual distance of the Northwest Florida Beach International Airport. (Source: Bay County Economic Development Alliance)

The West Bay Sector Plan touts that the cornerstones of the master planned community include long-range planning vision, gradual implementation, environmental stewardship, walkable communities, diversification of the economy, and regional transportation. The long-range planning vision provides a 50-year horizon that balances economic opportunity with resource protection. The West Bay Sector Plan contemplates that the long-range vision occur gradually based on market conditions and through detail-specific area plans. The West Bay Sector plan also reinforces the importance of environmental stewardship by conserving more than 53,000 acres of regionally significant natural resources. The West Bay Sector Plan emphasizes the importance of walkability by planning to build more than 100 miles of public trails and connects to existing regional trail networks to encourage biking and jogging. The development also aims to provide stability to the economy and is proposed to have a significant active adult/retirement component, which is non-seasonal, is less susceptible to economic down turns and has a lower impact on public facilities like schools. Finally, the proposal will facilitate regional roads like the West Bay Parkway, which will connect the Northwest Florida Beaches International Airport, US-98, and Back-Back Beach Road, which is expected to alleviate traffic on US-98. (Source: Bay-Walton Sector Plan)

Pier Park and North Pier Park

Located near the beaches of the Panama City beaches and other popular area attractions, Pier Park and Pier Park North are Northwest Florida's leading shopping centers. Both shopping centers provide desired retail and additional attractions for visitors to the area. The two shopping centers are adjacent to each other, but divided by US-98.

Pier Park is an outdoor shopping center comprised of nearly 900,000 square feet of retail on a more than two million square foot campus. Welcoming more than 50 million visitors annually, this unique shopping destination offers an experiential environment featuring more than 250 retail, dining, and entertainment options enjoyed by domestic and international guests, as well as local residents and families. There are many exceptional experiences and retailers on the property that distinguishes Pier Park as a must-visit family shopping destination. Pier Park offers a lineup of over 25 restaurants and eateries including some well-known and local places like Angry Tuna Seafood Company, Back Porch Seafood and Oyster House, Buffalo Wild Wings, and Osaka Japanese Hibachi Steakhouse and Sushi Bar. In addition to its wide array of dining, Pier Park offers visitors over 250 retail options including popular stores like Bath and Body Works, Southern Living Store, Dillard's and Buckle.

Located across US-98 from Pier Park, Pier Park North is a 360,000 square foot shopping center. The shopping center touts a wide variety of retail and dining options to make it a family friendly visiting destination. Some popular retailers that can be found include Men's Warehouse, Dick's Sporting Goods, and Ross Dress for Less. Additionally, the shopping center also provides popular restaurant chains including Texas Roadhouse, IHOP, and Jersey Mike's Subs.

Education

The Panama City Metro is home to the Gulf Coast State College. The Gulf Coast State College is located along the water-front in Panama City and is home to over 150 associates' degrees, bachelor's degree, and certificates. The Gulf Coast State College has a population of more than 10,600 students and offers an average class size of only 19. Additionally, the Gulf Coast State College boasts that 98.6% of its alumnus would recommend the school.

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Gulf Coast State College offers four Bachelor of Science degrees in Digital Media, Technology Management, Nursing and Organizational Management with specializations in Entrepreneurship, Health Services Administration and Emergency Services Administration. You can also pursue an Associate in Arts degree with 75 different transfer tracks, workforce-specific Associate in Science degrees and technical certifications, including the Educator Preparation Institute. Gulf Coast State College also offers its students traditional classes, online classes, Continuing Education and professional training courses with classes offered at multiple times and multiple locations. Gulf Coast State College's main campus is located in Panama City, but also provides additional flexibility by hosting classes at Tyndall Air Force Base, the North Bay Campus in Southport and the Gulf/Franklin Campus in Port St. Joe. The college also provides one of the top tier military colleges in the country.

Port of Panama City

Port of Panama City includes the core 138-acre port property on Dyers Point, just off US-98 at the southwestern boundary of Panama City, in Bay County, and the 250-acre Intermodal Distribution Center. The Port of Panama City's cargo base consists of imported, exported, and domestic general cargo and bulk cargo. The Port of Panama City has taken steps to diversify its revenue stream with the addition of new container facilities and an 80,000 square foot multibulk terminal. Additionally, the Port of Panama City is constructing a new $30 million forest products terminal on a 40-acre site. This will include a 250,000 square foot warehouse, a 40-car rail yard, and a 920 foot ship berth with 36 feet of water depth.

According to the Port of Panama City's 2015 economic impact study, nearly 9,000 jobs were created by the Port of Panama City, either directly or indirectly. The Port of Panama City supported more than $400 million in personal income, which included over $200 million of related users of the Port of Panama City. The Port of Panama City also assisted in earning more than $48 million in state and local taxes for Florida and Panama City. All of the Port of Panama City's economic activity led to an economic impact of nearly $1.24 billion in 2015. (Source: Port of Panama City)

Hurricane Michael

On October 10, 2018, Hurricane Michael made landfall near Mexico Beach, Florida, becoming the first Category 4 hurricane to do so in the region, and making landfall as the strongest storm of the 2018 season. The hurricane's landfall was east of the Property's neighborhood and affected the entirety of Bay County. Property damage occurred primarily in Panama City and east into Mexico Beach. As of January 2019, the storm has caused 140,000 insurance claims with estimated losses exceeding $5 billion, with the majority of these claims coming from residential properties. As a result, the majority of the multifamily construction taking place in the area is aimed toward bringing older supply back online after damage suffered from Hurricane Michael. (Source: Appraisal)

Attractions

The Panama City Metro is full of attractions, including:

- Panama City's beautiful beach is the centerpiece of the city and loved by locals and tourists of all ages, who come here to swim, play, relax, socialize, and soak up the sun. Twenty-seven miles of dazzling white sand stretches along this section of the Gulf of Mexico at Panama City Beach, and the shallow waters are perfect for younger kids, inviting beyond belief in the summer heat.

- Pier Park, directly across from Russell-Fields Pier, more commonly known as City Pier, is a shopping, dining, and entertainment complex, with a tourist-oriented twist. If you are looking for a break from the beach, Pier Park is a convenient and pleasant distraction.

- Gulf World Marine Park is one of Panama City Beach's top fun family attractions. Gulf World Marine Park has all kinds of sea life and free daily shows featuring dolphins, sea lions, and a variety of birds. Gulf World Marine Park "residents" include alligators, penguins, sharks, and many other exciting critters.

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- St. Andrews State Park is a diverse area with a little of everything when it comes to beach activities along the Gulf of Mexico. Featuring shallow, protected areas for a relaxing swim or snorkel, and sections with larger waves for playing in, St. Andrews State Park is an ideal place for anyone looking to enjoy the beach and ocean.

- To enhance tourist's vacations, boat tours are a great way to see some marine life, access snorkeling sites, or go sailing. Excursions range from dolphin sightseeing tours and Shell Island dolphin and snorkel trips to Sea-Doo, canoe, kayak, and stand up paddleboard rentals.

(Source: Planetware)

Bay County Overview

Bay County is home to approximately 175,000 permanent residents. Additionally, there is a population of approximately one and a half million people within a 60-mile radius. Panama City is the seat to the county and provides as a popular tourism destination. Located along Florida's Gulf Coast, the county is centrally located between Pensacola and Tallahassee. In total, the county covers more than 1,030 square miles. (Source: Bay County Economic Development Alliance)

Bay County has been working to diversify away from a place strictly known for its tourism, to an attractive center for commerce. An article recently written in September of 2021 by the Panama City News Herald highlighted the economic activity taking place in Bay County. The article said, "Wednesday's meeting highlighted seven active projects that have a combined capital investment of about $580 million and could create more than 1,300 jobs. Industries range from distribution to manufacturing and even aviation." The article also spoke about Bay County receiving a certification from an international city selection consulting firm to act as a foreign direct investment community. This is a huge step for Bay County because it can now begin recruiting international companies. The article concludes by quoting the Bay County Economic Development Alliance President saying, "Over the past six years, we've more than doubled the investor membership and we now have 70 paying members of the Bay EDA". (Source: Panama City News Herald)

Florida's Office of Economic and Demographic Research also provides healthy statistics for Bay County's economy. Between 2010 and 2020 the county saw population growth of 3.8%. In 2019, the county's GDP was a solid $7.8 billion. The study also shows GDP growth has been positive from 2015-2019. Personal Income in Bay County has also been steadily growing since 2010. Bay County's 2020 personal income was $8.7 billion, a nearly 40% growth rate since 2010. (Source: Florida Office of Economic and Demographic Research)

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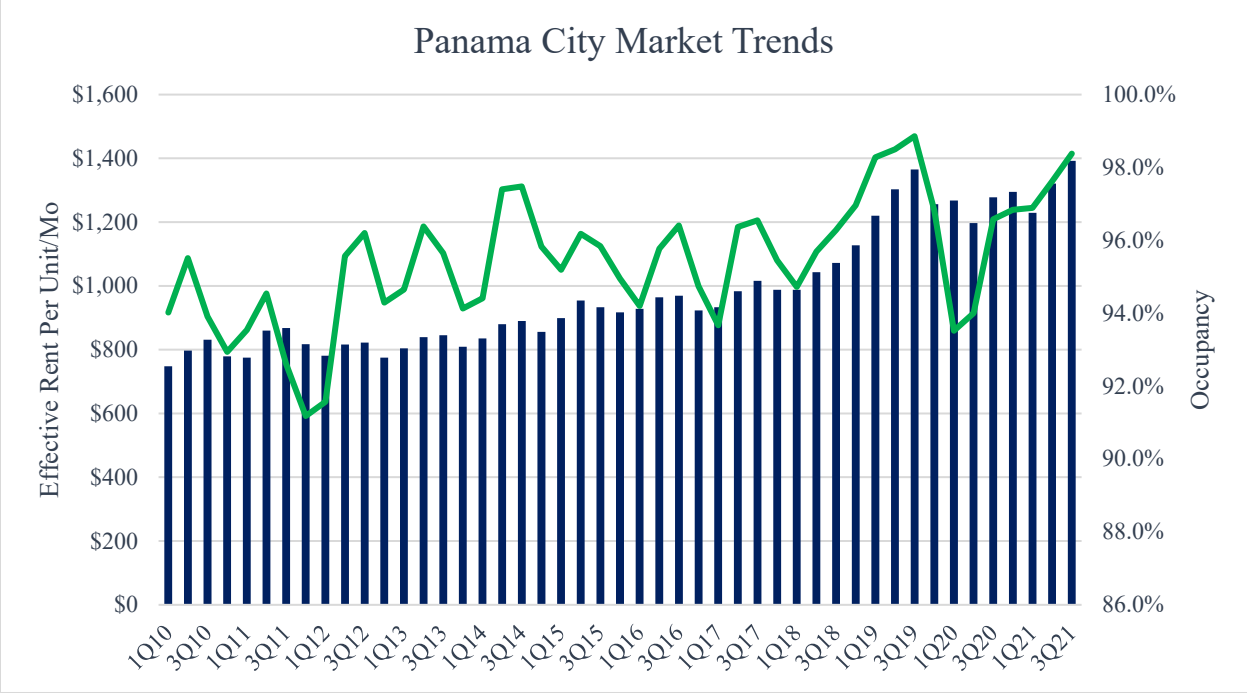
APARTMENT MARKET OVERVIEW

Occupancy in the Panama City Metro (all classes of apartments) was stable before the COVID-19 Pandemic began but declined 331 basis points at the onset of the Pandemic in 2020. The market occupancy rate quickly recovered during Q2 2020 and is currently 48 basis points below the high seen during Q3 20219. As shown in the chart below, occupancy and rental rates have generally been trending upward since 2010, with average occupancy rate of nearly 95.5% since Q1 2010. (Source: Axiometrics Annual Market Trend Report Q3 2021)



(Source: Axiometrics Annual Market Trend Report Q3 2021)

Historical Trends

The Panama City Metro market fundamentals are strong. Effective rent growth has been generally trending upward since 2010 despite the 2020 dip related to the COVID-19 Pandemic, due to the tight occupancy rates exhibited above. (Source: Axiometrics Annual Market Trend Report Q3 2021)

Market Outlook

The Bay County area has a strong economy and multifamily market largely due to its durable economic drivers such as the defense, healthcare, and manufacturing industry. Vacancy rates are projected to remain low while effective rents are forecasted to rise.

Provided below are the REIS five-year forecast (the "**REIS Report**") for the Panama City multifamily submarket:

Year End	Vacancy Rate (%)	Asking Rent ($/unit/mo)	Asking Rent Inflation (%)
2022	2.7%	$1,246	1.9%
2023	2.7%	$1,287	3.3%
2024	2.8%	$1,342	4.3%
2025	2.6%	$1,398	4.2%
2026	2.4%	$1,456	4.1%

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According to the Bureau of Labor Statistics, total employment in the Panama City Metro is nearly 90,700 as of September 2021. Vacancy rates in the Panama City Metro are expected to hold steady averaging 2.6% through 2026, while market rents are projected to rise 16.9% for the same time period.

Overall, apartment market conditions in the Panama City Metro market appear stable with low vacancy rates and projected rising rents. Projected new employment and associated demand should continue to drive market strength in the next several years.

Local Area Land Uses and Trends

According to the Appraisal, the Property is located in a neighborhood consisting of primarily commercial development along Panama City Beach Parkway and Front Beach Road, with residential development situated throughout the area surrounding the subject with vacant undeveloped land further north of the subject's location. The area is highly impacted by tourism, attributed to the good quality beachfront and off-beach residential development, which is mostly comprised of single-family. Additionally, the immediate area is comprised of growing development, consisting primarily of high-rise condominium development.

Demographic Analysis

Demand for additional residential property is a direct function of population change. Multifamily communities are products of a clearly definable demand relating directly to population shifts.

Housing, Population and Household Formation

The following table illustrates the population, household changes, and income levels for the Property's one, three, and five-mile radius. Households represent a basic unit of demand in the housing market. Household income available for expenditure on housing and other consumer items is a primary factor in determining the price/rent level of housing demand in a market area.

Selected Neighborhood Demographics				
102 Cabana Cay Circle Panama City Beach, FL 32413	1.0 mile radius	3.0 mile radius	5.0 mile radius	Panama City Metro
Population				
2010 Population	2,302	8,179	14,415	168,852
2021 Population	3,504	10,263	17,708	172,228
2026 Population	3,994	11,337	19,570	178,843
2010-2021 Annual Growth Rate	3.89%	2.08%	1.89%	0.18%
2021-2026 Annual Growth Rate	2.65%	2.01%	2.02%	0.76%
Households				
2010 Households	1,053	3,630	6,291	68,438
2021 Households	1,572	4,474	7,665	69,389
2026 Households	1,783	4,916	8,436	72,000
2010-2021 Annual Growth Rate	3.71%	1.92%	1.81%	0.13%
2021-2026 Annual Growth Rate	2.55%	1.90%	1.94%	0.74%
Income				
2021 Average Household Income	$87,557	$88,352	$88,040	$77,474
2021 Median Household Income	$74,348	$64,880	$67,404	$59,296
2021 Population 25+ College Graduates	939	2,629	4,268	31,057
2021 Age 25+ Percent College Graduates	34.60%	33.50%	31.70%	24.90%

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The Property's neighborhood generally appears to be experiencing increases in population and households, and this is projected to continue over the foreseeable future. Additionally, income levels in the neighborhood appear to be above the national average.

(Source: Appraisal)

Competitive Properties

There are seven comparable properties within the Property's immediate submarket from the Appraisal summarized below:

Comparable Properties	Year Built	# of Units	Unit Type	Size	Weighted Avg. Rent	Rent/SF	Occupancy
Pier Park Crossings	2020	360	1/1	767	$1,355	$1.77	100%
			2/2	1,139	$1,630	$1.43	
10X Living at Panama City Beach	2017	288	1/1	735	$1,421	$1.93	94%
			2/2	966	$1,723	$1.78	
Cabana West	2007	268	1/1	867	$1,150	$1.33	90%
			2/2	1,195	$1,655	$1.38	
Edgewater Crossing	2008/2014	266	1/1	678	$1,515	$2.23	95%
			1/1	873	$1,556	$1.78	
			2/2	1,132	$1,685	$1.49	
			2/2	1,147	$1,820	$1.59	
10X Living at Breakfast Pointe	2007	360	1/1	816	$1,398	$1.71	96%
			2/2	1,096	$1,725	$1.57	
The Retreat at PCB	2008	360	1/1	780	$1,355	$1.74	94%
			1/1	816	$1,399	$1.71	
			2/2	1,059	$1,790	$1.69	
Parkside at the Beach	2019	288	1/1	785	$1,572	$2.00	95%
			2/2	1,088	$1,861	$1.71	
Comparables Averages	**2013**	**313**		**938**	**$1,565**	**$1.67**	**94.9%**
79 West	2007	304	1/1	728	$1,350	$1.85	97.0%
			2/2	1,134	$1,680	$1.48	
			2/2	1,172	$1,800	$1.54	
Property Averages	**2007**	**304**		**831**	**$1,610**	**$1.94**	**97.0%**

(Source: Appraisal)

The comparable properties reported occupancy rates in the range of 90% to 100%, with an average of 94.9% occupancy. The Property's occupancy rate was approximately 97% at the time of the Appraisal.

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AERIAL MAP

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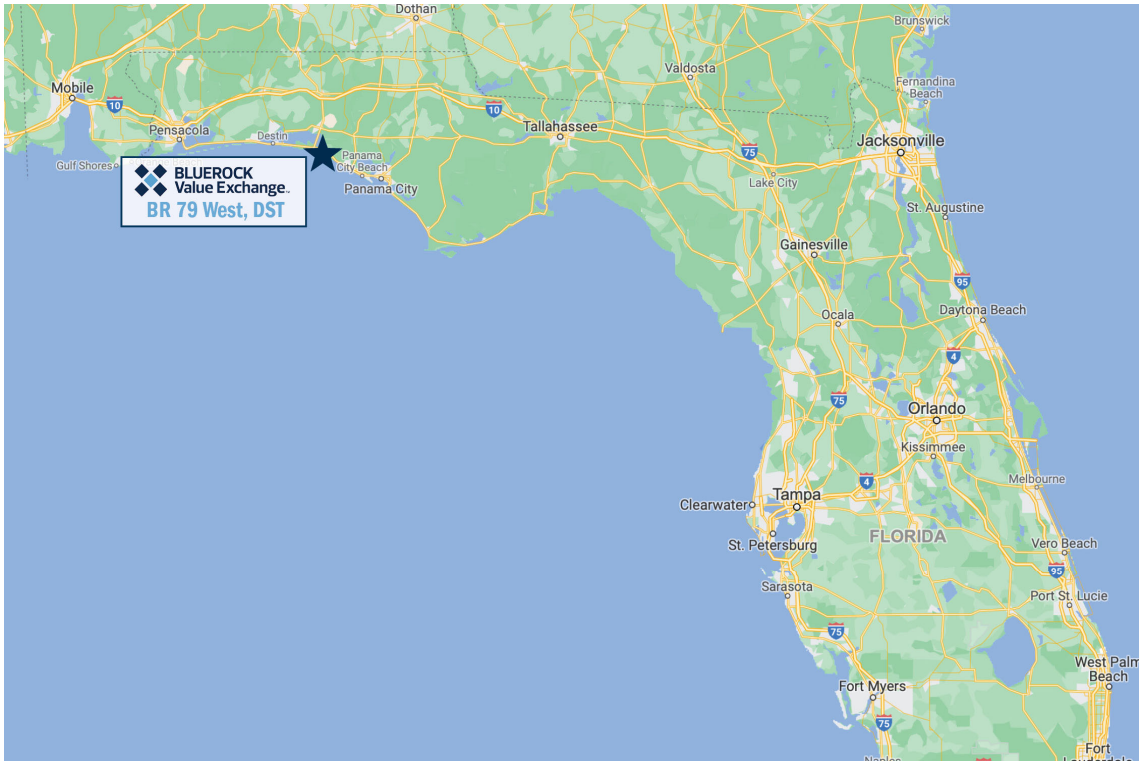
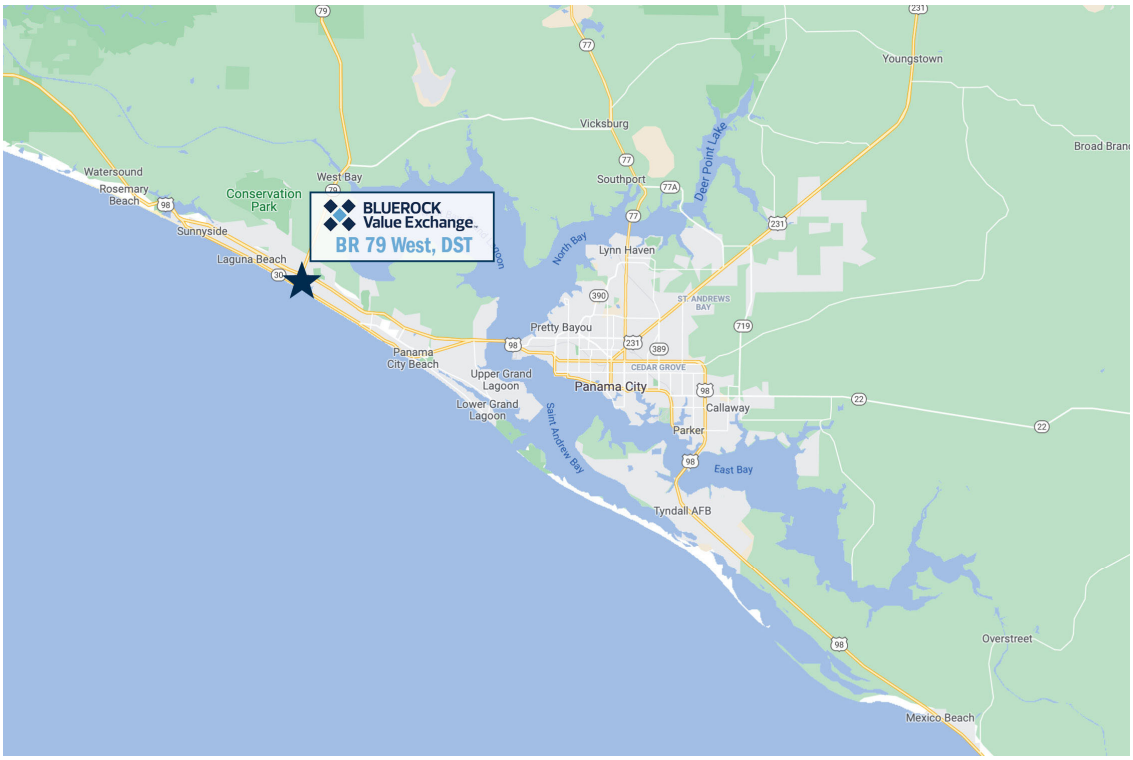
REGIONAL MAP



LOCAL MAP



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ACQUISITION AND CONTRIBUTION OF THE PROPERTY; FINANCING TERMS

Contemporaneously with the Acquisition Closing, the Depositor (i) contributed its rights under the Purchase Contract to the Trust, and (ii) contributed to the Trust cash (including proceeds from the Bridge Financing) in exchange for 100% of the Class 2 Beneficial Interests in the Trust. The Property is master leased by the Trust to the Master Tenant. The Master Tenant sub-leases the apartment units to the end-user tenants pursuant to residential leases. As of December 31, 2021, the Property was 96.7% occupied.

Acquisition

The Acquisition Closing occurred immediately following the contribution of the Purchase Contract to the Trust by the Depositor. On November 30, 2021, the Sponsor entered into the Original PSA with the Seller. Prior to the Acquisition Closing, the Sponsor assigned to the Depositor, all of the rights under the Original PSA, including an obligation on the part of Depositor to pay to the Sponsor an Acquisition Fee in the amount of $1,412,000 (i.e., 2.0% of the $70,600,000 purchase price under the Original PSA. Contemporaneously with the Acquisition Closing, the Depositor contributed to the Trust the Depositor Contribution, which included sufficient cash, together with the proceeds from the Loan, to enable the Trust to acquire the Property. The Trust's acquisition cost, including all expenses, fees and costs and the initial funding of the Supplemental Trust Reserve, was $80,818,253, or approximately $265,850 per unit. The Trust's acquisition cost, including all expenses, fees and costs, but excluding initial funding of the Lender Replacement Reserve, the Supplemental Trust Reserve and the Tax and Insurance Escrow, was $77,607,805, or approximately $255,289 per unit.

Contemporaneously with the Acquisition Closing, the Trust obtained the Loan in the original principal amount of $38,431,000 from the Lender under the Fannie Mae DUS loan program, as evidenced by that certain Note executed by the Trust and made payable to the order of the Lender (the "**Note**"). In addition, the Loan and the Note are also secured by a certain Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**") encumbering the Property.

As provided in the opinion of Tax Counsel, attached as Exhibit D hereto, the potential Purchasers (via their Interests in the Trust) should be treated as the true owners of the Property for federal income tax purposes.

Financing – the Loan

In connection with the Loan, the Sponsor obtained an appraisal for the Property prepared by CBRE dated December 10th, 2021 (the "**Appraisal**"), reflecting a market value "As-Is" for the Property, as of December 7, 2021, of $72,000,000 which is $1,400,000 higher than the purchase price.

The Loan Documents executed concurrently with the Acquisition Closing and the funding of the Loan provide for a $38,431,000 Loan with a 10-year term and a 30-year amortization with seven years of interest-only payments, with a fixed interest rate of 3.38% per annum. On a fully-loaded basis, the LTC ratio is approximately 47.30%.

The Property is subject to a first-priority Deed of Trust and other standard collateral rights granted in favor of the Lender, to secure the Trust's obligations under the Loan. Additionally, the Loan Documents will require, for so long as the Loan is outstanding, that the Depositor hold a one percent (1%) Retained Interest in the Trust unless duly transferred pursuant to the terms of the Loan Documents. The Loan is "non-recourse" to the Trust except for standard non-recourse carveouts contained within that certain Deed of Trust.

As Beneficial Owners in the Trust, the Purchasers are not required to execute personal guaranties for any portion of the Loan or an environmental indemnity agreement in favor of the Lender, and will not incur any personal liability with respect to the operation of the Property or under the Loan Documents, including liability for environmental claims. However, since the Property secures the Trust's obligations under the Loan, Beneficial Owners could lose their entire Interests if the Trust were to default on the Loan and Lender were to foreclose on the Property. See "*Risk Factors – Risks Relating to Financing of the Property*."

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Summary of Loan Terms

Amount:	$38,431,000
Term; Maturity Date:	10 years, maturing February 1, 2032.
Interest Rate:	3.38% per annum
Amortization:	30-year schedule with the first seven years of payments interest only
Fees:	The Lender will charge a late fee of 5% of any payment not made within 10 days of the due date. Commencing upon a default (and the expiration of any applicable grace period in the event of a payment default) and continuing until the default has been cured, the interest rate on the outstanding principal balance of the Loan will increase by the lesser of 4% or the maximum interest rate allowable by law.
Repayment:	For the first seven years of the Loan's term, the Loan will be interest-only, resulting in monthly debt service payments of approximately $101,031 - $111,856. Following the interest-only period, debt service (principal and interest) on the Loan will be payable monthly in the amount of approximately $170,008 per month on a 30-year amortization schedule, with an end-of-term balloon payment. Payments under the Loan will first be applied toward the payment of amounts (other than principal and interest) due to the Lender under the Loan Documents, then to accrued but unpaid interest and the balance will be applied toward the reduction of principal.
Loan Reserves and Escrow:	Approximately $910,448 of the Loan proceeds have been escrowed for capital expenses and operating expenses to be disbursed in the reasonable discretion of Lender and for Replacement Reserves, the Green Improvement Reserve and Loan escrows.
Additional Reserves from Loan Proceeds:	Beginning in year one, the Trust will also pay a monthly escrow payment into the Lender Replacement Reserve of $6,942. These Lender reserve amounts shall be available to reimburse the Trust (and the Master Tenant as permitted under the Master Lease) for repairs, replacements and other expenditures as approved by Lender.
Assumption:	The Lender has agreed not to unreasonably withhold consent to the transfer of the Property and the assumption of the Loan if certain conditions are met. The Lender is entitled to receive any reasonable out-of-pocket costs and expenses, including reasonable attorney fees, incurred by the Lender in connection with such a transfer and may also be entitled to a 1.0% transfer fee of the outstanding loan balance plus processing and administrative fees associated with the transfer.
Collateral:	The Loan is secured by (i) the Deed of Trust and other security instruments in or related to the Property, and (ii) a valid and perfected security interest in all personal property owned by the Trust located on or used in connection with the Property and any improvements thereon. The Master Tenant has entered into a separate Tenant / Landlord Subordination and Assignment Agreement (the "**Subordination Agreement**") pursuant to which the Master Lease will be subordinated to the Loan and the Master Tenant's interest in the Property and tenant leases has been assigned to the Tenant and in turn assigned by the Trust to the Lender as additional collateral.

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Prepayment: The Loan is pre-payable, subject to a yield maintenance calculation (with a floor of 1.0% of the then principal balance of the Loan) if the Loan is prepaid during the first 9.5 years of the term of the Loan. In addition, if prepayment is made after the expiration of such yield maintenance period but before the last calendar day of the fourth month prior to the month in which the loan matures, then the prepayment premium will be 1.0% of the amount of principal being prepaid. No prepayment premium is required during the 90-day period directly prior to maturity of the Loan.

Impositions: The Trust is required to make monthly deposits into an imposition account for payment of property taxes, assessments, insurance premiums and other similar charges affecting the Property, in amounts established by the Lender in its discretion. The Master Tenant is required to fund these deposits as part of Additional Rent under the Master Lease.

Insurance: The following insurance coverages are required under the Loan Documents:

- 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 other hazards, including flood, if applicable;
- commercial general liability insurance, workmen's compensation insurance, and other liability, errors and omissions, and fidelity insurance coverage;
- builder's risk and public liability insurance, and other insurance in connection with completing the Repairs or Replacements, as applicable; and
- such other insurance as may from time to time be reasonably required by the Lender in order to protect its interest.

Events of Default: The "**Events of Default**" under the Loan Documents include the following, among others:

- any failure by the Trust or the Master Tenant to comply with the provisions of the Loan Documents relating to its single asset status;
- any destruction or damage to the Property deemed substantial by the Lender in its sole discretion;
- any change in the Trust's or any guarantor's financial condition or the Property's operating condition which the Lender deems, in its sole discretion, to be material or adverse;
- any failure by the Trust to pay or deposit when due any amount required by any Loan Document;
- any failure by the Trust to maintain the insurance coverage required by any Loan Document;
- any warranty, representation, certificate or statement of the Trust or any guarantor in any of the Loan Documents shall be false, inaccurate or misleading in any material respect when made;
- fraud, gross negligence, willful misconduct or material misrepresentation or material omission by or on behalf of the Trust or any of its officers, directors, trustees, partners, members or managers, or any guarantor or any

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of their officers, directors, trustees, partners, members or managers in connection with:

  - the application for, or creation of, the Loan;
  - any financial statement, rent roll or other report or information provided to the Lender during the term of the Loan; or
  - any request for the Lender's consent to any proposed action, including a request for disbursement of reserve funds.

- the occurrence of any transfer not permitted by the Loan Documents;
- the occurrence of a Bankruptcy Event (as defined in the Loan Documents);
- the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in the Lender's reasonable judgment, could result in a forfeiture of the Property or otherwise materially impair the lien created by the Loan Documents or Lender's interest in the Property;
- any failure by the Trust to complete any repair related to fire, life or safety issues in accordance with the terms of the Loan Documents;
- 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 of a right to declare all amounts due under that debt instrument immediately due and payable;
- the Master Lease will cease to be fully subordinated to the Loan Documents;
- if Lender incurs any costs or expenses or suffers any loss or damage as a result of any claims, actions, suits or proceedings arising from any tenant opportunity to purchase act applicable to and affecting the Property, provided however, there are presently no applicable tenant opportunity to purchase acts in the Property jurisdiction;
- a default by either the Trust or Master Tenant which continues beyond any applicable cure period under the Master Lease or Subordination Agreement; and
- a termination, amendment, or modification of the Master Lease or Subordination Agreement not permitted by the Loan Documents.

In addition, other events of noncompliance with the terms and conditions of the Loan Documents will become Events of Default subject to applicable cure periods.

Remedies:

Upon the occurrence of an Event of Default, the Lender may exercise all remedies available under the Loan Documents at law or in equity, including but not limited to:

- accelerating the Loan;
- collecting rent;
- foreclosing on the Property and applying the proceeds from a sale of the Property;
- proceeding by lawsuit to enforce the payment of any debt under the Loan Documents;
- requiring the Master Tenant, the Trust or both to establish a lockbox;

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- exercising any other right available to the Lender under the Loan Documents; and
- applying amounts held in any reserve accounts and all cash proceeds from the operation of the Property.

Indemnification: The Trust will generally indemnify the Lender and its affiliates against losses incurred in connection with the Loan, the security arrangements or the Lender Replacement Reserve. In addition, the Trust executed an Environmental Indemnity Agreement, pursuant to which the Trust will indemnify the Lender and its affiliates against environmental liabilities arising from ownership and operation of the Property, except for losses resulting from the Lender's or its affiliates' willful misconduct or gross negligence. Purchasers are not directly subject to any such indemnification obligations.

Limited Recourse: The Loan is non-recourse, meaning that the Lender may only seek recovery against the Trust from the liquidation of the collateral for any amounts that remain due under the Loan after a default. However, the Loan contains certain Events of Default that would allow the Lender, in addition to foreclosing on the Property and the personal property of the Trust related thereto, to proceed against the Trust itself (but not against Purchasers) to repay losses incurred by the Lender or, in some instances, the full amount of the Loan (i.e., certain non-recourse carveouts). Thus, defaults for nonrecourse carveout items may trigger "springing" liability to the Trust in an amount equal, in certain instances, to the full amount of the Loan.

Purchasers may request copies of the Loan Documents from the Sponsor for further review and details concerning these potential obligations.

Limited Guaranty: An affiliate of the Sponsor and its principal, R. Ramin Kamfar, have executed limited guaranties under which they will be responsible for liabilities, costs, expenses, claims, losses or damages incurred by the Lender as a result of certain nonrecourse carveout events over which they and their affiliates exercise relative control. Purchasers will not be required to execute a personal guaranty.

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THE MANAGER

Sponsor, Manager and their Officers

This Offering is sponsored by BVEX, a national sponsor of syndicated Section 1031 Exchange offerings with a focus on Class A assets that can deliver stable cash flows and that have the potential for value-creation. BR 79 West DST Manager, LLC, an affiliate of Sponsor, will serve as Manager of the Trust.

BVEX is an affiliate of Bluerock, a leading institutional alternative asset manager based in New York with regional offices across the United States. Bluerock principals have a collective 100+ years of investing experience with more than $48 billion real estate and capital markets experience and manage multiple well-recognized real estate private and public company platforms. Bluerock has more than $11.8 billion in acquired and managed assets and offers a complementary suite of public and private investment programs, with both short and long-term goals, to individual investors seeking solutions aimed at providing predictable income, capital growth, and tax benefits.

The following persons are the members of the Sponsor and Bluerock's management team who will be primarily responsible for operating the Trust and making management decisions concerning it and the Manager, such persons being subject to change at any time. In addition, the Sponsor and Manager shall have access to and ability to draw upon the substantial resources and expertise of Bluerock and its senior management.

Name	Position	Age*
R. Ramin Kamfar	Founder & Chief Executive Officer, Bluerock	58
Joshua M. Hoffman	President, Bluerock Value Exchange	44
Jordan B. Ruddy	Chief Operating Officer, Bluerock	58
Michael L. Konig	Senior Vice President - General Counsel, Bluerock	61
Ryan S. MacDonald	Chief Investment Officer, Bluerock	38
Michael DiFranco	Executive Vice President, Operations, Bluerock	57
Caroline Johnson	Senior Vice President – Finance, Bluerock	43

* As of December 31, 2021

R. Ramin Kamfar, Founder & CEO. Mr. Kamfar has over 30 years of experience in various aspects of real estate, mergers and acquisitions, private equity investing, investment banking, and public and private financings. Since 2002, Mr. Kamfar has served in various senior capacities on behalf of Bluerock, including currently serving as Chairman and CEO at Bluerock, and at Bluerock Residential Growth REIT, Inc. (NYSE: BRG). From 1988 to 1993, Mr. Kamfar worked as an investment banker at Lehman Brothers Inc., New York, New York, where he specialized in mergers and acquisitions and corporate finance. From 1993 to 2002, Mr. Kamfar executed a growth/consolidation strategy to build a startup into a leading public company in the 'fast casual' market now known as Einstein Noah Restaurant Group, Inc. with approximately 800 locations and $400 million in gross revenues. Mr. Kamfar received an M.B.A. degree with distinction in Finance from The Wharton School of the University of Pennsylvania, and a B.S. degree with distinction in Finance in 1985 from the University of Maryland College Park.

Joshua M. Hoffman, President, Bluerock Value Exchange. Mr. Hoffman serves as President of Bluerock Value Exchange and concurrently serves as Managing Director for Bluerock and its affiliates, which he joined in 2009. Mr. Hoffman is responsible for sales operations, due diligence and marketing of Bluerock's investment platforms and offerings. Mr. Hoffman has extensive and wide-ranging experience structuring and product oversight of more than 135 individual real estate securities offerings during the course of his career including: 65 sponsored 1031-exchange programs, public, closed-end interval funds, publicly traded REITs, private non-traded REITs, and real estate-related regulation D programs including: multi-property limited liability companies, notes and debentures totaling more than $5 billion in total capital raised from investors. Prior to joining Bluerock, Mr. Hoffman served in

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a similar capacity for a private real estate security sponsor. Mr. Hoffman received his B.A. in Business Administration from Boise State University. He currently holds FINRA Series 7 and 63 licenses.

Jordan B. Ruddy, Chief Operating Officer. Mr. Ruddy has over 30 years of experience in real estate acquisitions, financings, management and dispositions. Since 2002, Mr. Ruddy has served in various senior capacities on behalf of Bluerock, including currently serving as Chief Operating Officer of Bluerock, and as President and Chief Operating Officer of Bluerock Residential Growth REIT, Inc. (NYSE American: BRG). Previously, Mr. Ruddy served as a real estate investment banker at Banc of America Securities LLC, as Vice President of Amerimar Enterprises, a real estate company specializing in value-added investments nationwide, as a real estate investment banker at Smith Barney Inc. Prior to Smith Barney, Mr. Ruddy served in the real estate department of The Chase Manhattan Bank. Mr. Ruddy received an M.B.A. degree in Finance and Real Estate from The Wharton School of the University of Pennsylvania, and a B.S. degree with high honors in Economics from the London School of Economics.

Michael L. Konig, Senior Vice President - General Counsel. Mr. Konig has served as Senior Vice President - General Counsel of Bluerock since 2004 and currently also serves as Chief Legal Officer of Bluerock Residential Growth REIT, Inc. (NYSE American: BRG). Mr. Konig has over 30 years of experience in law and business. From 1987 to 1997, Mr. Konig was an attorney at the firms of Greenbaum Rowe Smith & Davis and Ravin Sarasohn Cook Baumgarten Fisch & Baime, representing borrowers and lenders in numerous financing transactions, primarily involving real estate, distressed real estate and Chapter 11 reorganizations, as well as with respect to a broad variety of litigation and corporate law matters. From 1998 to 2002, Mr. Konig served as legal counsel, including as General Counsel, at New World Restaurant Group, Inc. (now known as Einstein Noah Restaurant Group, Inc.). From 2002 to December 2004, Mr. Konig served as Senior Vice President of Roma Food Enterprises, Inc. where he led operations and the restructuring and sale of the privately held company with approximately $300 million in annual revenues. Mr. Konig received a J.D. degree cum laude from California Western School of Law, an M.B.A. degree in Finance from San Diego State University and a Bachelor of Commerce degree from the University of Calgary.

Ryan S. MacDonald, Chief Investment Officer. Mr. MacDonald serves as Chief Investment Officer for Bluerock which he joined in 2008 and also serves as Chief Investment Officer of Bluerock Residential Growth REIT, Inc. (NYSE American: BRG). Mr. MacDonald is responsible for sourcing, underwriting, structuring, financing and closing of all Bluerock real estate investments, as well as ongoing asset management responsibilities including value-added renovation oversight and dispositions. To date, with Bluerock, Mr. MacDonald has led over 70 real estate investments with an aggregate value approaching $6 billion. Prior to joining Bluerock, from October 2006 to May 2008, Mr. MacDonald was an Analyst for PNC Realty Investors (formerly Mercantile Real Estate Advisors), where he served as part of an investment team that made more than $1.2 billion in investments within all tranches of the capital structure. From August 2005 to October 2006, Mr. MacDonald served in a corporate development role at Mercantile Bankshares, where he worked with executive management focusing on high level strategic initiatives for the $6 billion bank. Mr. MacDonald received a B.A. in Economics from the University of Maryland, College Park.

Michael DiFranco, Executive Vice President, Operations. Mr. DiFranco serves as our Executive Vice President, Operations for Bluerock which he joined in November 2018. In his role, Mr. DiFranco is responsible for the operational and financial performance of the Company's multi-family housing portfolio. Prior to joining the Company, from 2005 to 2016, Mr. DiFranco held several roles of increasing responsibilities with Apartment & Investment Management Company (NYSE: AIV), including serving four years as Senior Vice President of Financial Operations. From 2016 to 2018, Mr. DiFranco served as Senior Vice President of Financial Operations with The Irvine Company Apartment Communities, overseeing Revenue Management, Business Intelligence and Portfolio Management. Mr. DiFranco received a B.A. in Business from Texas A&M University, College Station, an M.B.A. from The University of Texas at Austin and an M.S. in Information Systems from The University of Colorado, Denver.

Caroline Johnson, Senior Vice President – Finance. Caroline Johnson serves as Senior Vice President of Finance for Bluerock and certain of its affiliates. Ms. Johnson is responsible for the oversight of all financial recordkeeping and reporting aspects of those companies. Previously, Ms. Johnson served as the CFO from January 2008 to July 2018 for The Seligman Group, a high net worth family office. In her capacity as CFO, Ms. Johnson was responsible for all finance, accounting and operational oversight of a mixed-use real estate portfolio with sizeable assets in excess of five million square feet, Quantum Capital Management, LLC, a wealth management company and

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Presidential Aviation, Inc., a private aviation company. Ms. Johnson served as the controller for The Seligman Group from October 2004 to December 2007 prior to taking her role as CFO. Prior to 2004, Ms. Johnson worked for a regional CPA firm with focus in the real estate industry where she earned her CPA certification. Ms. Johnson received her B.A. degree in Accounting from Michigan State University.

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PRIOR PERFORMANCE OF SPONSOR AND ITS AFFILIATES

The information presented in this section is intended to represent the historical experience of real estate programs for which the Sponsor or affiliates of the Sponsor, including Bluerock, is or was the sponsor as of September 30, 2021, unless otherwise indicated. A prospective Purchaser should not assume that he, she, or it will experience returns, if any, comparable to those experienced by Purchasers in such prior real estate programs. This Memorandum does not include any prior performance tables.

Experience and Background

Since 2002, the Sponsor and its affiliates have acquired a diverse portfolio of real estate investments through the syndication of various programs which combined represent:

- 61 full-cycle multifamily properties resulting in a 14.0% blended net internal rate of return as of September 30, 2021 see "*Full-Cycle Properties*;"
- 164 apartment and commercial office real estate properties (current and full-cycle);
- Approximately 43.9 million combined square feet of primarily apartment real estate, as of September 30, 2021;
- 18 different states across the United States;
- Over $7.6 billion in total real estate investments; and
- Over 100,000 active investors across all programs.

The information presented in this section represents the historical experience of real estate programs sponsored by the Sponsor and its affiliates. The information in this section shows relevant summary information concerning sponsored programs as of September 30, 2021, unless otherwise indicated. Purchasers in this Offering sponsored by the Sponsor should not assume that they will experience returns, if any, comparable to those experienced by Purchasers in any of the prior programs discussed below.

Apartment Experience / Current Apartment Portfolio

The Sponsor and its affiliates have significant current and past apartment real estate experience including the current management and operation of 92 apartment properties located in 15 states comprised of more than 25,500 units and 25.2 million square feet for an acquisition cost of nearly $5.0 billion. A summary of Bluerock's current apartment portfolio is presented in the table below:

Property Name	Location	Acquisition Date	Square Feet	Purchase Price $MM[1]	LTV %	% Leased 9/30/2021
Alexan CityCentre	Houston, TX	Jul 2014	283,807	$83.20	70%	94%
Arium Glenridge	Atlanta, GA	Oct 2016	525,504	$69.50	69%	93%
Arium Hunter's Creek	Orlando, FL	Oct 2017	590,940	$97.50	74%	96%
Arium Metro West	Orlando, FL	Oct 2017	597,490	$86.00	55%	96%
Arium Westside	Atlanta, GA	Jul 2016	301,821	$74.50	70%	95%
Ashford Belmar	Lakewood, CO	Nov 2018	614,921	$143.5	69%	96%
Avenue 25	Phoenix, AZ	Jan 2020	285,068	$55.60	65%	94%
Avondale Hills	Atlanta, GA	Sep 2020	187,265	$50.70	67%	0%*
Axis West	Orlando, FL	May 2018	265,148	$69.90	55%	95%
Beach House	Jacksonville Beach, FL	Apr 2016	268,587	$51.58	58%	98%
Belmont Crossing	Smyrna, GA	Dec 2019	155,840	$18.45	82%	98%

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Brooklyn Riverside	Jacksonville, FL	Jun 2016	259,723	$64.13	59%	96%
Carrington Park	Morrisville, NC	Dec 2020	297,122	$52.00	53%	97%
Chattahoochee Ridge	Atlanta, GA	Nov 2019	364,633	$69.75	65%	97%
Chevy Chase	Austin, TX	July 2020	282,436	$34.50	65%	99%
Cielo on Gilbert	Phoenix, AZ	Dec 2020	353,760	$74.25	71%	97%
Citrus Tower	Clermont, FL	Sep 2017	369,104	$55.25	65%	95%
Cottages at Myrtle Beach	Myrtle Beach, SC	Sep 2021	276,066	$63.17	64%	0%*
Cottages at Port St. Lucie	Port St. Lucie, FL	Aug 2021	269,984	$69.57	65%	0%*
Deercross Apartments	Indianapolis, IN	Jun 2021	304,668	$29.60	64%	90%
Deerwood Apartments	Houston, TX	Jun 2021	305,250	$65.81	60%	0%*
Denim	Scottsdale, AZ	July 2019	504,278	$141.25	61%	96%
DeSota	Sarasota, FL	Jun 2019	205,052	$89.62	58%	97%
Domain at the One-Forty	Garland, TX	Dec 2015	309,596	$53.30	70%	96%
Edgewater	Webster, TX	Feb 2021	439,242	$68.19	55%	92%
Elan Apartment	Austin, TX	Dec 2020	227,070	$39.50	53%	97%
Element	Las Vegas, NV	Jun 2019	197,408	$41.75	70%	94%
Encore Chandler	Chandler, AZ	Dec 2020	167,856	$46.74	64%	0%*
Everwood	Webster, TX	Dec 2019	438,028	$85.64	55%	95%
Falls at Forsyth	Cumming, GA	Jan 2020	373,672	$82.50	57%	98%
Galleria Village	Charlotte, NC	Nov 2020	191,716	$46.71	52%	98%
Georgetown Crossing	Savannah, GA	Jan 2020	169,176	$20.90	75%	92%
Glenwood	Atlanta, GA	Dec 2017	178,157	$55.40	59%	97%
Granbury SFR	Granbury, TX	Aug 2021	59,940	$8.10	68%	97%
Grand at the Dominion	San Antonio, TX	Sep 2017	325,760	$56.90	59%	96%
Greylyn Portfolio	Charlotte, NC	May 2021	266,310	$77.54	50%	96%
Gulfshore Apartments	Naples, FL	Jan 2016	324,872	$47.00	69%	98%
Hunter's Pointe	Pensacola, FL	Dec 2020	195,200	$21.75	75%	99%
Indy SFR	Indianapolis, IN	Aug 2021	51,260	$2.65	56%	89%
Jefferson Place	Frederick, MD	Aug 2018	228,619	$62.54	58%	95%
Lake Linganore	New Market, MD	Jun 2021	308,846	$105.64	52%	98%
Lower Broadway	San Antonio, TX	Aug 2021	322,696	$87.92	58%	0%*
Lubbock SFR	Lubbock, TX	Aug 2021	66,940	$5.60	64%	93%
Meadows	Davenport, FL	Aug 2019	322,712	$68.56	56%	96%
Motif	Fort Lauderdale, FL	Dec 2015	425,640	$135.4	70%	91%
Navigator Villas	Pasco, WA	Dec 2019	173,444	$28.50	50%	97%
Orange City Apartments	Orange City, FL	Aug 2021	273,564	$60.53	60%	0%*
Outlook at Greystone	Birmingham, AL	Oct 2017	271,594	$36.25	55%	95%
Park at Chapel Hill Redevelopment	Chapel Hill, NC	Jan 2019	388,918	$99.20	65%	0%*
Park on the Square	Pensacola, FL	Jan 2020	258,560	$32.00	66%	96%
Peak Corpus Christi	Corpus Christi, TX	Aug 2021	94,087	$9.04	66%	93%
Peak Housing Single Family Investment Portfolio	Dallas-Fort Worth, TX	Apr 2021	502,440	$47.60	67%	N/A*
Peak Jolin	Weatherford, TX	Aug 2021	30,000	$4.15	66%	0%*
Pine Lakes Preserve	Port St. Lucie, FL	Dec 2016	333,756	$38.50	70%	96%
Preserve at Henderson	Destin, FL	Mar 2016	303,434	$53.70	68%	96%
Providence Trail	Nashville, TN	Jun 2019	356,550	$68.50	60%	98%
Quinn35	Shrewsbury, MA	Jun 2019	232,887	$85.47	59%	98%
Renew 3030	Mesa, AZ	Aug 2021	97,398	$24.30	56%	96%

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Res. Palmer Ranch	Sarasota, FL	Jan 2016	315,180	$39.25	69%	95%
Reunion Apartments	Orlando, FL	Sep 2020	277,364	$47.60	62%	0%*
Roswell City Walk	Roswell, GA	Dec 2016	286,996	$76.00	67%	97%
Sands at Clearwater	Clearwater, FL	Sep 2015	243,384	$46.25	58%	96%
Sands Parc	Daytona Beach, FL	May 2018	261,780	$46.20	70%	98%
Sierra Terrace	Atlanta, GA	Dec 2019	155,250	$17.60	82%	98%
Sierra Village	Atlanta, GA	Dec 2019	162,900	$18.00	82%	93%
Sonoma Pointe	Kissimmee, FL	Aug 2017	214,095	$44.53	57%	97%
Springfield SFR	Springfield, MO	Aug 2021	455,010	$35.53	63%	96%
Spring Parc	Dallas, TX	July 2021	217,056	$42.30	71%	95%
Springtown SFR	Springtown, TX	Aug 2021	71,553	$9.35	68%	100%
Sunrise Parc	Kissimmee, FL	Mar 2020	291,639	$74.69	58%	98%
Texarkana SFR	Texarkana, TX	Aug 2021	38,338	$3.10	66%	93%
The Brodie	Austin, TX	Dec 2016	306,326	$48.90	71%	96%
The Commons	Jacksonville, FL	Apr 2020	295,640	$25.90	69%	99%
The Crossings at Dawsonville	Dawsonville, GA	July 2021	229,608	$55.50	66%	94%
The Gate	Orlando, FL	Jan 2019	315,460	$72.31	54%	94%
The Grand at Westside	Kissimmee, FL	Feb 2018	372,048	$74.44	56%	97%
The Links at Plum Creek	Castle Rock, CO	Mar 2018	250,812	$61.10	68%	95%
The Mills	Greenville, SC	Nov 2017	296,042	$40.25	64%	99%
The Riley	Richardson, TX	Mar 2021	255,837	$58.00	88%	95%
The Sanctuary	Las Vegas, NV	July 2019	308,800	$51.75	65%	93%
Thornton Flats	Austin, TX	Sep 2019	90,611	$22.00	63%	93%
Veranda at Centerfield	Houston, TX	Jul 2018	366,150	$40.15	60%	94%
Villages at Cypress Creek	Houston, TX	Sep 2017	374,556	$40.70	64%	96%
Water's Edge	Pensacola, FL	Dec 2020	193,950	$25.75	69%	96%
Wayford at Concord	Concord, NC	Dec 2018	213,758	$44.40	68%	97%
Wayford at Innovation Park	Charlotte, NC	Jun 2021	316,470	$58.73	65%	0%*
Wesley Village	Charlotte, NC	Mar 2017	308,293	$56.89	66%	96%
Westerly	Franklin, MA	Sep 2019	246,359	$92.82	59%	98%
Willow Park	Willow Park, TX	Jun 2021	92,000	$13.40	57%	0%*
Windsor Falls	Raleigh, NC	Apr 2021	270,480	$48.78	56%	95%
Yauger Park	Olympia, WA	Apr 2021	98,000	$24.50	32%	98%
Zoey	Austin, TX	Mar 2020	234,241	$59.50	43%	0%*
Subtotal			**25,200,641**	**$4,991.81**	**63%**	**96%***

[1] All amounts shown represent 100% interests in the applicable property including portions owned by joint venture partners or syndication purchasers.

* Excludes Avondale Hills, Cottages at Myrtle Beach, Cottages at Port St. Lucie, Deerwood Apartments, Encore Chandler Development, Lower Broadway, Orange City Apartments, Park at Chapel Hill Redevelopment, Peak Housing Single Family Investment Portfolio, Peak Jolin, Reunion Apartments, The District at Scottsdale, Wayford at Innovation Park, Willow Park, and Zoey which are currently in development / lease-up.

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Aggregate Apartment Portfolio Summary

As a percentage of the real estate portfolio managed by the Sponsor and its affiliates, the diversification of these properties by geographic area is as follows:

Area	
Mid-Atlantic	10.9%
Midwest	3.3%
Northeast	2.2%
Southeast	45.7%
South Central	26.1%
West Coast	2.2%
Mountain	9.8%
TOTAL	**100%**

Public Real Estate Programs

Bluerock Residential Growth REIT, Inc. ("**BR REIT**") is a real estate investment trust that focuses on acquiring a diversified portfolio of Class A institutional-quality apartment properties in demographically attractive growth markets to appeal to the renter by choice. BR REIT is listed on the NYSE American under the ticker symbol "BRG". As of September 30, 2021, BR REIT had assets of approximately $2.47 billion and owned indirect equity interests in 72 apartment and single-family rental properties comprised of nearly 20,000 current and under-development units. Many of Bluerock's senior managers acting on behalf of the Sponsor and Manager are also directly or indirectly involved in the management and operations of the BR REIT. On December 20, 2021, BR REIT announced that it has entered into a definitive agreement with affiliates of Blackstone Real Estate ("Blackstone") under which Blackstone will acquire all outstanding shares of common stock of BRG for $24.25 per share in an all-cash transaction valued at $3.6 billion which is currently expected to occur in the second quarter of 2022. For additional information, please visit the BR REIT's website at: www.bluerockresidential.com.

The Bluerock Total Income+ Real Estate Fund ("**TI+ Fund**") is a public, closed-end interval fund. TI+ Fund pursues its investment objectives using a multi-strategy, multi-manager, multi-sector approach, primarily investing in a strategic combination of what TI+ Fund's advisor believes are 'best in class' global institutional private equity real estate and institutional public real estate investment funds. As of September 30, 2021, TI+ Fund had assets under management of more than $3.0 billion and has made investments into underlying securities that collectively include $252 billion in Gross Asset Value, comprising more than 4,900 properties across the United States with a combined average occupancy of 94%. Many of Bluerock's senior managers acting on behalf of the Sponsor and Manager are also directly or indirectly involved in the management and operations of TI+ Fund. For additional information, please visit the TI+ Fund's website at: www.bluerockfunds.com.

Prior Private Real Estate Programs

Since 2002, Bluerock and its affiliates, including the Sponsor, have sponsored 50 private programs (49 that have closed), including 38 Code Section 1031-Exchange Delaware Statutory Trust ("**DST**") / Tenant-in-Common ("**TIC**") private offerings, for a total real estate acquisition cost (with leverage) of approximately $2.1 billion. In addition, Bluerock has completed its offering of units in Bluerock Special Opportunity + Income Fund, LLC ("**SOIF I**"), Bluerock Special Opportunity + Income Fund II, LLC ("**SOIF II**"), Bluerock Special Opportunity + Income Fund III, LLC ("**SOIF III**"), Bluerock Growth Fund, LLC ("**Bluerock Growth Fund**") and Bluerock Growth Fund II, LLC ("**Bluerock Growth Fund II**"). As of September 30, 2021, SOIF I has raised approximately $29.2 million in equity for total real estate acquisition costs of approximately $418 million represented by interests in 15 apartment properties comprised of approximately 3,742 units and approximately 3.5 million square feet; of which, 14 properties have been sold representing $317 million in acquisition cost, 2.8 million square feet and 3,042 units. SOIF II has raised approximately $55 million in equity for total real estate acquisition and development costs of approximately $868 million represented by interests in 19 apartment properties comprised of approximately 5,939 units and more than 6.7 million square feet; of which, 15 properties have been sold representing $497 million in acquisition cost, 4.2 million square feet and 4,215 units. SOIF III has raised approximately $26 million in equity for total real estate acquisition

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and development costs of approximately $733 million represented by interests in 15 apartment properties comprised of approximately 4,338 units and 4.2 million square feet; of which, 13 properties have been sold representing $513 million in acquisition cost, 3.5 million square feet and 3,613 units. Bluerock Growth Fund has raised approximately $17 million in equity for total real estate acquisition costs of approximately $139 million represented by interests in three apartment properties comprised of approximately 759 units and 585,000 square feet of which, two properties have been sold representing $57 million in acquisition cost, 302,000 square feet and 419 units. Bluerock Growth Fund II has raised approximately $1.7 million in equity for total real estate preferred equity of approximately $1.3 million represented by interests in one apartment properties comprised of approximately 340 units and 284,000 square feet. The interests owned in the apartment properties described in this section are contained and further detailed in the "*Apartment Experience / Current Apartment Portfolio*" section above.

Full-Cycle Apartment Properties

As of September 30, 2021, 58 properties and 18 programs sponsored by Bluerock have gone full cycle from acquisition to sale. The table below summarizes these properties/programs:

Apartments

Property Name	Acquisition / Sale Date	Location	Purchase Cost (MMs)[1]	Equity Invested (MMs)	Total Gross Return (MMs)[2]	Hold Period	Blended Net IRR[3]
The Ashford	11/09-09/11	Atlanta, GA	$ 19.75	$2.04	$ 4.19	23 mo.	**30.4%**
Lynd Portfolio Subtotal[4]			$ 21.90	$6.34	$ 12.09	36 mo.	**17.5%**
Mesa Ridge	12/08-03/11	San Antonio, TX	$ 6.55	$2.01	$ 4.81	27 mo.	-
Meadows	2/08-10/11	Austin, TX	$ 3.45	$1.04	$ 2.47	34 mo.	
Stratford	12/08-10/12	San Antonio, TX	$ 11.90	$3.29	$ 4.81	40 mo.	
Tech Ridge	2/10-8/12	Austin, TX	$ 17.19	$6.03	$ 13.17	30 mo.	**28.2%**
Note 16	3/12-6/13	Nashville, TN	$ 11.30	$1.42	$ 2.51	15 mo.	**44.5%**
Hillsboro	9/10-9/13	Nashville, TN	$ 31.60	$3.90	$ 8.56	36 mo.	**25.1%**
Meadowmont	4/10-9/13	Chapel Hill, NC	$ 37.00	$4.70	$ 11.33	42 mo.	**24.5%**
The Stratford	6/12-12/13	Cary, NC	$ 20.30	$5.29	$ 7.90	17 mo.	**22.9%**
Arbor Terrace^	5/11-3/14	Marietta, GA	$16.73	$7.89	$ 10.01	34 mo.	**7.8%**
Creekside Village	3/10-3/14	Chattanooga, TN	$ 14.25	$1.82	$ 4.13	48 mo.	**14.8%**
Estates at Perimeter	9/10-11/14	Augusta, GA	$ 24.95	$1.93	$ 2.41	50 mo.	**2.5%**
Grove at Waterford	4/12-11/14	Hendersonville, TN	$ 27.88	$4.67	$ 6.25	31 mo.	**35.0%**
23Hundred Berry Hill	10/12-01/15	Nashville, TN	$ 33.67	$4.44	$ 8.35	27 mo.	**43.7%**
Villas at Oak Crest	4/12-9/15	Chattanooga, TN	$ 15.52	$2.85	$ 3.79	41 mo.	**14.0%**
North Park Towers^	12/05-10/15	Southfield, MI	$ 36.90	$11.43	$ 2.83	118 mo.	**-11.6%**
Artisan on 18th	6/13-10/15	Nashville, TN	$ 22.30	$1.00	$ 2.12	28 mo.	**35.2%**
Indian Springs	9/11-10/15	El Paso, TX	$ 12.35	$2.74	$ 2.69	49 mo.	**-0.5%**
Springhouse	12/09-08/16	Newport News, VA	$ 29.25	$6.89	$ 16.56	80 mo.	**13.6%**
Mesa Ridge^	3/11-11/16	San Antonio, TX	$ 10.94	$5.16	$ 7.92	68 mo.	**9.6%**
EOS	7/14-12/16	Orlando, FL	$ 36.96	$11.09	$ 19.63	30 mo.	**26.6%**
Village Green	9/12-2/17	Ann Arbor, MI	$ 58.00	$8.19	$ 18.43	53 mo.	**8.0%**
Lansbrook	3/14-4/17	Palm Harbor, FL	$ 58.50	$16.51	$ 30.53	37 mo.	**16.4%**
Fox Hill	4/15-4/17	Austin, TX	$ 38.15	$11.92	$ 19.31	24 mo.	**19.2%**
MDA City	12/12-6/17	Chicago, IL	$ 54.87	$9.76	$ 22.68	54 mo.	**19.9%**
CoHo House	7/14-11/17	Atlanta, GA	$ 20.76	$5.29	$ 6.67	41 mo.	**-3.1%**
Chace Lake Villas^	6/12-12/17	Birmingham, AL	$ 26.34	$12.23	$ 17.08	66 mo.	**8.1%**
Alamance Reserve^	1/14/-3/18	Burlington, NC	$ 23.79	$11.09	$ 11.46	50 mo.	**6.9%**
Stonebrook^	9/11-4/19	Nashville, TN	$ 18.25	$8.67	$ 31.38	91 mo.	**22.7%**
Four Corners^	2/16-7/19	Orlando, FL	$ 38.85	$16.59	$ 27.49	41 mo.	**22.4%**

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Plaza Gardens^	8/08-7/19	Overland Park, KS	$ 30.21	$11.21	$ 15.04	131 mo.	**4.2%**
Sorrel Phillips Creek[4]	10/15-7/19	Frisco, TX	$ 55.26	$33.60	$46.66	46 mo.	**10.3%**
Sovereign Apartments[4]	11/15-7/19	Fort Worth, TX	$ 44.44	--	--	--	--
Preston View	2/17-7/19	Morrisville, NC	$ 59.50	$20.00	$ 23.27	31 mo.	**6.8%**
Leigh House	12/15-7/19	Raleigh, NC	$ 40.20	$12.00	$23.24	44 mo.	**8.7%**
Arium Palms Gateway	08/15-8/19	Orlando, FL	$ 37.00	$13.00	$20.40	49 mo.	**13.7%**
Valley Townhomes^	07/08-9/19	Puyallup, WA	$ 42.57	$19.6	$34.90	136 mo.	**9.4%**
Marquis Portfolio[4]			$188.85	$47.38	$67.45	33 mo.	**12.6%**
Marquis at Stone Oak	06/17-9/19	San Antonio, TX	$ 55.35			27 mo.	
Marquis at Crown Ridge	06/17-9/19	San Antonio, TX	$39.50			27 mo.	
Marquis at TPC	6/17-5/20	San Antonio, TX	$20.85			35 mo.	
Marquis at the Cascades	6/17-3/21	Tyler, TX	$73.15			44 mo.	
Ansley Village	5/14-10/19	Macon, GA	$31.76	$14.17	$19.47	67 mo.	**8.4%**
Helios	5/15-1/20	Atlanta, GA	$51.40	$14.69	$27.78	56 mo.	**6.4%**
Whetstone Apartments	5/15-1/20	Durham, NC	$35.63	$13.44	$21.83	56 mo.	**7.4%**
Ashton Reserve	8/15-4/20	Charlotte, NC	$66.57	$21.40	$36.51	57 mo.	**13.8%**
Enders Place	10/12-5/20	Orlando, FL	$25.10	$14.23	$27.95	92 mo.	**19.4%**
CADE Boca Raton	9/16-10/20	Boca Raton, FL	$30.10	$15.38	$20.27	49 mo.	**1.0%**
Novel Perimeter	12/16-12/20	Atlanta, GA	$71.00	$26.22	$36.70	48 mo.	**10.0%**
Arlo	1/16-12/20	Charlotte, NC	$60.00	$34.51	$50.59	58 mo.	**6.0%**
Riverside Apartments	12/18-12/20	Austin, TX	$37.90	$13.94	$16.51	24 mo.	**13.1%**
Arium Grandewood	12/14-1/21	Orlando, FL	$44.65	$9.68	$34.92	62 mo.	**24.4%**
Big Creek	12/16-2/21	Alpharetta, GA	$84.45	$35.95	$51.57	50 mo.	**11.1%**
James on South First	11/16-2/21	Austin, TX	$36.75	$10.45	$19.95	51 mo.	**17.4%**
Alexan Southside Place	1/15-3/21	Houston, TX	$49.00	$19.05	$10.43	74 mo.	**-16.8%**
The Conley	10/18-3/21	Leander, TX	$44.00	$15.23	$19.09	29 mo.	**13.0%**
Plantation Park	6/18-6/21	Lake Jackson, TX	$35.60	$8.43	$5.00	36 mo.	**-19.4%**
The Reserve at Palmer Ranch	1/16-6/21	Sarasota, FL	$39.25	$6.42	$22.22	66 mo.	**22.2%**
Vicker's Historic Roswell	12/16-6/21	Roswell, GA	$31.90	$13.88	$18.84	55 mo.	**8.50%**
Park and Kingston	12/15-7/21	Charlotte, NC	$27.86	$12.23	$28.93	67 mo.	**17.55%**
The District at Scottsdale	12/19-7/21	Scottsdale, AZ	$124.00	$50.47	$70.78	19 mo.	**25.16%**
Mira Vista	12/19-9/21	Austin, TX	$23.25	$5.25	$6.34	21 mo.	**10.41%**
Total			**$2,226.38**	**$666.78**	**$1,119.57**	**49 mo.**	**14.0%**

(1) All amounts shown represent 100% interests in each property, including portions owned by joint venture partners or syndication purchasers.

(2) Figure represents total proceeds from distributions and net proceeds from sale.

(3) Internal Rate of Return ("**IRR**") is the discount rate that makes the net present value of all cash flows from the project equal to zero and considers cash flow and sale proceeds as part of an investment total return. The net IRR considers all applicable property-level fees and expenses; excluding any up-front offering-level fees and expenses, including: commissions, offering and organization fees, placement fees, and marketing fees (as applicable), except for properties identified by ^ for which net IRRs are calculated after subtractions for offering-level fees and expenses. Accordingly, in some instances, actual Investor-level returns for the investment program may not be indicative of the net IRR of the individual project(s). In some cases, the net IRRs are report as blended as applicable representing the simple average of the net IRRs of the respective Bluerock entities having an equity investment in the properties.

(4) The Mesa, Meadows, and Stratford were part of a portfolio purchase and because of the transaction structure, the IRR is reported on a portfolio basis. Sorrel Phillips Creek and Sovereign Apartments were sold as a portfolio and because of the transaction structure, equity investment, total return, and IRR were reported on a portfolio basis. Marquis at Stone Oak, Marquis at Crown Ridge, Marquis at TPC, and Marquis at the Cascades were part of a portfolio purchase and because of the transaction structure, the IRR is reported on a portfolio basis.

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Affiliates of Bluerock serve (or, in the case of the completed programs, served) as either property manager and/or asset manager for each of its programs.

Bluerock has other investment programs that are not disclosed above, primarily consisting of offerings of commercial office space and a net lease retail portfolio, as well as a two debenture/notes programs. Information related to these programs is available upon request.

Adverse Business Developments

Apartment Sector

The North Park Towers property located in Southfield, Michigan was purchased in December of 2005 as a condo conversion project. The North Park Towers DST program reduced, and later suspended, investor distributions in September 2009, and December 2010, respectively, due to continued pressure from the weak Michigan economy and the deterioration of the domestic automobile manufacturing industry. In April of 2013, the property's mortgage loan was repaid at a discount, including through a recapitalization funded in part by certain Bluerock managers. The property was later refinanced and, in April 2014, was sold to BR REIT at fair market value of $15.6 million compared to original purchase price of $36.9 million.

The 1355 First Avenue luxury condo development property located in New York, New York was purchased in June 2007. The 1355 First Avenue TIC program suspended investor distributions in August 2009, and, as a result of the lack of credit for construction financing following the global financial crisis and the so-called "Great Recession," which led to a delay in the development of the project, undertook additional and dilutive interim capital raising efforts. In January 2013, the project closed $108 million in construction financing. Construction was completed in the fourth quarter of 2015. As of June 30, 2021, the project fully sold out as condominiums. Based on projected final condominium sales and closeout of the project, it is projected that the original tenants in common investors will receive approximately 60% of their original investment and investors in the 1355 First Avenue notes and preferred equity program will not receive any further recovery.

The Indian Springs, LLC property located in El Paso, Texas was acquired in July 2011. The property reduced distributions effective May 2014, as a result of lower than budgeted occupancy levels from increased apartment supply competition and military sequestration at Ft. Bliss. The property was sold in October 2015 for $12.8 million compared to the initial purchase price of $12.35 million.

The Beach House property located in Jacksonville Beach, Florida was acquired in April 2016. The Beach House DST program reduced distributions to investors to 2.75% effective June 2020 as a result of economic slowdown resulting from the COVID-19 Pandemic, and in an effort to increase funding of ongoing unit renovations aimed at increasing property revenues in anticipation of loan amortization commencement in June 2021. The property was sold in October 2021 for $67.3 million compared to the initial purchase price of $51.6 million.

The Axis West property located in Orlando, Florida was acquired in May 2018. The BR Axis West, DST program suspended distributions to investors effective September 2020 as a result of the disproportionate negative economic impact to the Orlando economy resulting from the COVID-19 Pandemic and resulting decrease in occupancy levels and rent collections and ongoing federal eviction moratorium on nonpaying tenants. As of December 2021, distributions to investors resumed at 2.5% per annum.

The Gate property located in Orlando, Florida was acquired in January 2019. The BR Gate, DST program suspended distributions to investors effective January 2021 as a result of the disproportionate negative economic impact to the Orlando economy resulting from the COVID-19 Pandemic and resulting decrease in occupancy levels and rent collections and ongoing federal eviction moratorium on nonpaying tenants. As of December 2021, distributions to investors resumed at 1.5% per annum.

The Grand Dominion property located in San Antonio, Texas was acquired in September 2018. The BR Grand Dominion, DST program reduced distributions to investors to 2.50% effective April 2021 as a result of a

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significant increase in submarket supply and corresponding reduced effective rents / revenues also resulting from the effects of the COVID-19 Pandemic.

The Grand Westside property located in Kissimmee, Florida was acquired in February 2018. The BR Grand at Westside, DST program reduced distributions to investors to 3.0% effective May 2021 as a result of a significant increase in uncontrollable expenses (e.g. taxes and insurance) and increases in submarket supply and corresponding reduced effective rents / revenues also resulting from the effects of the COVID-19 Pandemic.

Office Sector

The Summit at Southpoint property located in Jacksonville, Florida was purchased in December of 2006. The Summit at Southpoint TIC program reduced, and later suspended, investor distributions in April 2009 and November 2013, respectively, in order to build necessary reserves for upcoming lease rollovers and associated tenant improvement and leasing commission expenses. In February 2017, Summit at Southpoint successfully completed a loan refinance. Summit at Southpoint subsequently sold for $29.5 million as compared to original purchase price of approximately $37.4 million in September 2018.

The Landmark portfolio located in St. Louis, Missouri was purchased in March of 2007. The Landmark TIC program reduced, and later suspended, investor distributions effective April 2012 and April 2013, respectively. In June 2013, Bluerock cooperated with TIC owners in the formation of a steering committee to seek to restructure the existing mortgage loan, which went into default the same month. In November 2013, Landmark's TIC steering committee, at the request of the secured lender, consented to the appointment of a receiver for the property, and the portfolio was subsequently foreclosed without opposition by Landmark's TIC steering committee**.**

The Cummings Research Park I, II, III ("**CRP I**", "**CRP II**", "**CRP III**") TIC properties located in Huntsville, Alabama were purchased in November of 2007. The properties maintained occupancy in the 94% - 99% range throughout 2009-2012, and subsequently experienced a significant increase in vacancy beginning in 2013 as a result of a softening in the leasing market related to government defense spending cuts and U.S. Government Sequestration. All three properties experienced reductions of distributions to owners beginning in 2012-13 and ultimate suspension of distributions to owners beginning in 2014-15. CRP I was subsequently sold for $41.75 million as compared to original purchase price of approximately $46.5 million in March 2020. The special servicer for the CRP II mortgage refused to cooperate and on November 1, 2016 the property was turned over to a receiver appointed by the special servicer. In August 2018, the special servicer completed its foreclosure of the CRP II mortgage. CRP III was subsequently sold for $41.25 million as compared to original purchase price of approximately $45.5 million in March 2020.

The Town and Country property was purchased in June of 2008. The Town and Country DST program experienced vary levels of distributions to members from October 2010 through 2018 as a result of challenging market conditions, in order to build necessary reserves for upcoming lease rollovers and associated tenant improvement and leasing commission expenses, and for a mortgage refinance. Town and Country was subsequently sold for $50 million as compared to original purchase price of approximately $51.79 million in November of 2018.

The total return to investors under some of the foregoing programs will be lower than previously anticipated due to adverse market conditions.

Purchasers of Interests will not acquire any interest in Bluerock's programs discussed above. Further, you should not assume that Purchasers will experience returns, if any, comparable to those experienced by Purchasers in the prior Bluerock-sponsored programs.

IN CONSIDERING THE PRIOR PERFORMANCE INFORMATION CONTAINED HEREIN, PROSPECTIVE PURCHASERS SHOULD BEAR IN MIND THAT PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT COMPARABLE RESULTS WILL BE ACHIEVED IN THE FUTURE.

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IT IS ANTICIPATED THAT THE OPERATING RESULTS OF THE TRUST WILL BE SIGNIFICANTLY DIFFERENT THAN THOSE OF THE PRIOR BLUEROCK-SPONSORED PROGRAMS.

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LIMITED FIDUCIARY AND OTHER DUTIES

Delaware law permits the trust agreement of a DST to expand or restrict the duties (including fiduciary duties) of trustees, managers or other persons managing the business and affairs of a DST owed by the trustee to the trust or its beneficial owners or owed by such managers or other persons to the trust, its beneficial owners or its trustees, other than the implied covenant of good faith and fair dealing.

In the present case, the Trust Agreement provides that the Trustee's and the Manager's duties, including fiduciary duties, and liabilities relating thereto to the Trust and the Beneficial Owners are limited to those duties (including fiduciary duties) expressly set forth in the Trust Agreement and the liabilities relating thereto. These duties may be less than are applicable to other investments, such as a partnership, limited liability company or corporation. Further, as a measure of protection for purposes of the contemplated Section 1031 Exchanges, the Trust Agreement provides that the Beneficial Owners do not have any power to give direction to the Trustee, the Manager or any other person, and that any attempt to exercise power shall not cause such Beneficial Owner to have duties (including fiduciary duties) or liabilities relating thereto, to the Trust or to any other Beneficial Owner.

The Trust Agreement further provides that neither the Trustee nor the Manager will be liable to the Beneficial Owners for certain acts or omissions performed or omitted by it except for acts or omissions arising out of willful misconduct, bad faith, fraud or gross negligence, and that the Beneficial Owners will indemnify the Trustee and the Manager and each of their directors, officers, employees, and agents for any liability suffered by them arising out of their activities in connection with the Trust, except for liabilities resulting from willful misconduct, bad faith, fraud or gross negligence, in the case of the Trustee, and fraud or gross negligence, in the case of the Manager. See "*Summary of the Trust Agreement*." Accordingly, the Beneficial Owners may have a more limited right of action than would otherwise be the case, absent such provisions.

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CONFLICTS OF INTEREST

The structure and proposed method of operation with respect to this Offering creates certain inherent conflicts of interest between the Trust, the Beneficial Owners, the Sponsor and its affiliates. Certain restrictions have been provided in the Trust Agreement that are designed to protect the interests of the Beneficial Owners in this regard. Notwithstanding the foregoing, the Sponsor and its affiliates will be subject to various conflicts of interest arising out of their relationships with the Trust and Beneficial Owners.

Competition with Affiliates

The Sponsor and its affiliates are involved in the acquisition, development and management of real property and are facilitators of Section 1031 Exchanges. Any affiliated entity, whether or not currently existing, could compete with the Trust and the Beneficial Owners in the sale or operation of the Property. For example, the Sponsor or its affiliates may in the future own, finance or represent properties in the same market as the Property, which may compete for tenants with respect to the Property. Specifically, the Sponsor or its affiliates may own or operate additional properties that may compete with the Properties in the geographic region.

Provision by Affiliates of Services to the Trust or to Persons Dealing with the Trust

Neither the Sponsor nor any of its affiliates will be prohibited from providing services to, or otherwise dealing or doing business with, the Trust or Beneficial Owners or persons that deal with the Trust or Beneficial Owners, although no such services or activities (other than the services and activities disclosed in this Memorandum) are contemplated and any such services (if provided) must be on market terms.

Competition for Sponsor's Management Services

The Sponsor's management personnel believe that they will have sufficient time to discharge fully their responsibilities to the Trust and Beneficial Owners and to other business activities in which it is or may become involved. However, the Sponsor's management personnel are engaged in substantial other activities apart from their responsibilities under the Trust Agreement (including their duties at Bluerock, BR REIT and TI+). Further following the management internalization of BR REIT, certain employees of BR REIT are only available to provide services to the Sponsor pursuant to an administrative services agreement. Accordingly, the Sponsor and its affiliates will devote only so much of their time to the business of the Trust as is reasonably required in their judgment. The Sponsor and its affiliates will have conflicts of interest in allocating management time, services and functions among the properties held through this or any other program they may sponsor, as well as with other business ventures in which they are or may become involved.

Compensation and Reimbursements Irrespective of Property Profitability

The Sponsor and its affiliates will receive certain compensation from the Trust for services rendered regardless of whether rent is paid to the Trust. See "*Estimated Use of Proceeds*" and "*Compensation and Fees*" in this Memorandum.

Sale of the Property

If the Manager decides to sell the Property, it will be paid Disposition Fees in connection with the sale of the Property. The right to receive such Disposition Fees may provide the Manager with an incentive to encourage a sale of the Property at a time that is not optimal for, or on terms that are not advantageous to, the Trust or the Beneficial Owners.

Ownership of Interests

The Sponsor or its affiliates may elect to acquire or retain a portion of the Interests or to sell or transfer Interests to persons who are related to it, including employees or persons who have other relationships with it or its

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affiliates. In such event, although the rights of Beneficial Owners are extremely limited under the terms of the Trust Agreement, the interests of the Sponsor and its affiliates (or other closely connected parties) as Beneficial Owners may not be aligned with those of the Trust or other Beneficial Owners. Further, in the event of a Transfer Distribution, Beneficial Owners who were affiliates of the Sponsor could control the Springing LLC as members.

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SUMMARY OF THE MASTER LEASE

The Property will be leased by the Trust to the Master Tenant, BR 79 West Leaseco, LLC, pursuant to the Master Lease, a copy of which is attached to this Memorandum as Exhibit A. The Master Lease is, with certain exceptions regarding Landlord Costs, an "absolute net" lease allocating to the Master Tenant all expenses and debt service associated with the operation of the Property. The Master Tenant will operate the Property and will be entitled to retain any positive difference between the Property's operating cash flow and the Master Lease payments, which include but are not limited to the payments due on behalf of the Trust under the Loan Documents. Likewise, the Master Tenant will bear the risk of any cash shortfalls between the net operating cash flow, after certain mandatory payments, and the payments required under the Master Lease, provided it may defer a portion of the monthly Additional Rent and annual Supplemental Rent as further described below. The following is merely a summary of some of the significant provisions of the Master Lease and is qualified in its entirety by the full text thereof.

Term

The Master Lease commenced on the date of the Acquisition Closing, and shall continue for a base term expiring April 30, 2032, unless sooner terminated pursuant to the terms of the Master Lease.

Base Rent, Additional Rent and Supplemental Rent

The following Rent is due under the Master Lease on a monthly basis: (1) Base Rent in an amount equal to the debt service payments required under the Loan Documents including principal and interest payments and required deposits for all Lender required reserves; (2) Additional Rent in an amount equal to the amount by which the gross revenues exceed the Additional Rent Breakpoint (as defined in the Master Lease and set forth in the table below) up to a maximum annual ceiling; and (3) when Base Rent and Additional Rent have been fully paid, an amount equal to 90% of the amount by which annual gross revenues exceed the Supplemental Rent Breakpoint (as defined in the Master Lease and set forth in the table below). 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 will not be available for distributions to the Trust or the Purchasers. Not depicted in the following table, Rent for the final three months of the Term shall be at the same rate as Year 2032.

Additionally, the Master Lease contemplates certain uncontrollable costs with respect to the Property (as defined in the Master Lease, the "**Projected Uncontrollable Costs**"); in the event that (a) the Projected Uncontrollable Costs for any calendar year exceed the actual uncontrollable costs, Master Tenant is required to pay the Trust the amount of such excess; and (b) if the actual uncontrollable costs for any calendar year exceed the Projected Uncontrollable Costs, Master Tenant is responsible for the payment of such excess, but is entitled to a reimbursement by offsetting such amount against monthly Additional Rent and (if necessary) annual Supplemental Rent. Projected Supplemental Rent represents the Landlord's estimate as of the date hereof, but is not a contractual obligation

The monthly Base Rent and breakpoints and ceilings for the calculation of monthly Additional Rent and annual Supplemental Rent are specified in Exhibit A to the Master Lease, replicated below:

Lease Period	Base Rent	Gross Revenue Additional Rent Breakpoint	Additional Rent Annual Maximum	Gross Revenue Supplemental Rent Breakpoint	Projected Supplemental Rent
2022 (11 months)	$1,205,153	$3,328,000	$1,570,250	$4,898,000	$2,307
2023	$1,317,009	$3,720,000	$1,854,200	$5,574,000	$50,721
2024	$1,320,617	$3,810,000	$1,854,200	$5,664,000	$250,785
2025	$1,317,009	$3,960,000	$1,854,200	$5,814,000	$279,142
2026	$1,317,009	$4,080,000	$1,854,200	$5,934,000	$338,395
2027	$1,317,009	$4,180,000	$1,854,200	$6,034,000	$420,856
2028	$1,320,617	$4,300,000	$1,854,200	$6,154,000	$490,554
2029	$1,981,948	$4,920,000	$1,854,200	$6,774,000	$115,649
2030	$2,040,101	$5,070,000	$1,854,200	$6,924,000	$169,304

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2031	$2,040,101	$5,160,000	$1,854,200	$7,014,000	$282,689
2032 (1 month)	$170,008	$430,000	$154,517	$585,000	$31,498

If the Property's operating cash flow for a period is insufficient to pay all of the associated expenses of the Property (not including the Asset Management Fee) and the full monthly Base Rent (as defined in the Master Lease), then in such event, the Master Tenant may defer the payment of a portion of the monthly Additional Rent and annual Supplemental Rent due under the Master Lease until cash flow becomes available to pay such shortfall amounts or upon disposition of the Property. Additionally, the Property Manager may elect to be paid less than the full amount Asset Management Fee to which it is entitled under the Property Management Agreement, in which event the Property Manager may also elect to accrue such amounts, without interest, to be paid at a later point in time. Any deferred and accrued Asset Management Fees shall be due and payable in full upon a disposition of the Property from the proceeds of the sale thereof. Deferral of rent may cause the Beneficial Owners to recognize taxable income prior to the time rent is actually paid to them. See "*Federal Income Tax Consequences - Section 467 Rent Allocation*."

Impositions

Under the Master Lease, the Master Tenant is required to pay certain ancillary fees and costs related to the Deed of Trust (excluding certain fees and costs), and all taxes (including all real property taxes and personal property taxes), assessments, utilities not paid for by the tenants of the Property, excises, levies, license and permit fees and other government impositions and charges attributable to or assessed against the Property (collectively, the "**Impositions**").

Maintenance and Repair; Alterations

The Trust is responsible for any expenses incurred to make repairs to maintain the Property and for expenditures with respect to (1) repairs and replacements of the structure, foundations, roofs, exterior walls, parking lots and improvements to meet the needs of tenants; (2) leasing commissions; (3) certain hazardous substances costs; (4) any repairs identified in the PCA Report, or similar engineering report, performed in connection with the acquisition of the Property (including minor deferred maintenance or immediate needs for repairs); and (5) other improvements or replacements to the Property that would be considered Capital Expenditures or are required by law. Other than the Landlord Costs as defined in the Master Lease, the Master Tenant is solely responsible for all other costs and expenses associated with the management and operation of the Property ("**Property Expenses**").

The Master Tenant may make structural and non-structural alterations to the Property in its sole discretion, and at its sole cost and expense (other than Landlord Costs, which will be at the Trust's expense), provided that (i) all permits and authorizations of all municipal departments and subdivisions have been obtained; (ii) the alterations do not materially decrease the value of the Property, result in a material change in the usefulness of the Property for its intended use or violate the terms of a lease with a tenant of the Property; (iii) the alterations are made promptly and in a good workmanlike manner in compliance with all permits and authorizations; (iv) the cost of the alterations will be promptly paid by the Master Tenant so that the Property is at all times free and clear of any liens and/or encumbrances; (v) the alterations will be and become the property of the Trust upon termination of the Master Lease; (vi) the alterations will comply with the terms of the Loan; and (vii) certain levels of insurance will be obtained in connection with the alterations.

If the Master Tenant makes any changes or alterations to the Property that constitute more than minor, non-structural modifications, the Master Tenant must, prior to making such changes or alterations, (1) provide 30 days' advance written notice to the Trust setting forth the details of such alterations so that the Trust may effectuate a Transfer Distribution, if necessary, or (2) execute an agreement with the Trust to the effect that, at the end of the Master Lease term, the Master Tenant will restore the Property to a condition substantially the same as the condition of the Property at the beginning of the Master Lease term.

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Damage or Destruction; Condemnation

The Master Tenant is obligated to repair any material casualty to the Property, at the Master Tenant's expense and, subject to the Loan Documents, is entitled to receive any insurance proceeds made available for such repair of the Property. If the proceeds from any casualty insurance are insufficient to complete the repairs, the Master Tenant is obliged to fund any excess required to complete such repairs (other than capital improvements that are Landlord Costs and certain costs (i) attributable to the negligence or willful misconduct of the Trust or its agents; (ii) incurred when the Trust or its agents have taken control or possession of the Property; or (iii) incurred after the expiration of the Master Lease (collectively, the "**Trust Costs**")). To the extent the proceeds from any casualty insurance exceed the cost to complete the repairs, the Master Tenant is entitled to retain the difference, less any funds attributable to Trust Costs. If a casualty occurs within the last 12 months of the term of the Master Lease, and the casualty affects more than 50% of the Property, the Master Tenant may elect to terminate the Master Lease and not restore the Property, unless otherwise prohibited by the Loan. If the Master Lease is terminated pursuant to a casualty, then Rent will be pro-rated to the date of termination. If some or all of the Property cannot be restored, but the Master Tenant does not terminate the Master Lease, the monthly Additional Rent and annual Supplemental Rent will be reduced by an amount reasonably determined by the Trust and the Master Tenant.

Upon a total taking of the Property through a condemnation, the Master Lease will terminate and the Additional Rent will be apportioned and paid to the date of the taking. In the case of a taking of less than all of the Property, the Trust (subject to the Loan Documents) will be entitled to receive the entire award for such taking. Upon a taking of less than all of the Property, the Master Tenant may terminate the Master Lease if the taking renders the remaining portion of the Property unsuitable for the Master Tenant's use or the Master Tenant determines that it cannot complete a restoration for an amount that is less than or equal to the proceeds of the taking (provided, however, that if there are at least 12 months remaining on the term of the Master Lease, the Trust may agree to pay the excess expenses of restoration and, in turn, the Master Lease will not terminate and the Master Tenant will undertake such restoration). If the Master Lease is not terminated, the Master Tenant must proceed to restore the Property, provided, that the Trust must make any condemnation award proceeds available to the Master Tenant. If the Master Lease is not terminated and restoration has been undertaken by the Master Tenant, the Additional Rent and Supplemental Rent are required to be reduced by an amount reasonably determined by the Trust and the Master Tenant commencing from the date of the taking.

Termination Rights

Other than the termination rights discussed above in connection with a casualty or a taking, the Master Lease will terminate in the event that all or substantially all of the Property is sold or transferred by the Trust in one transaction. Such termination will occur immediately after the sale. The Master Lease will survive, however, in the event of a Transfer Distribution.

Assignment and Subletting

The Master Tenant may not sell, assign, transfer, mortgage, pledge or otherwise dispose of the Master Lease or any interest of the Master Tenant in the Master Lease, except with the prior written consent of the Trust. The Master Tenant may sublet all or any portion of the Property without the necessity of obtaining the prior consent of the Trust; provided, however, that no such sublease will be valid unless it complies with the provisions set forth in the Master Lease. An assignment or sublease will not release the Master Tenant from its obligations under the Master Lease. Notwithstanding the foregoing, the Master Lease allows and permits the Master Tenant to enter into sublease arrangements with end-user tenants at the Property.

Subordination Agreement

In connection with the Loan Documents, the Lender required the Trust and the Master Tenant to enter into the Subordination Agreement, pursuant to which the Trust and the Master Tenant subordinated their rights in and to the Master Lease to the Deed of Trust and provided for collateral assignment to the Lender of all of the underlying

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leases, rents and occupancy rights. In addition, a default under the Master Lease will constitute a default under the Loan Documents.

Default/Remedies

The Master Tenant will default under the Master Lease, subject to certain applicable cure rights, in the event of: (i) Master Tenant's failure to pay any monthly installment of Base Rent or Additional Rent (subject to its right to defer payment of monthly Additional Rent and annual Supplemental Rent); (ii) Master Tenant's failure to comply with or observe any other term or condition of the Master Lease or any breach of a material representation or warranty made by the Master Tenant; (iii) a taking of the Master Tenant's leasehold interest or other process of law; (iv) the filing of a voluntary petition in bankruptcy by the Master Tenant, the adjudication of its bankruptcy or insolvency, the filing by the Master Tenant of a petition in bankruptcy or its acquiescence to the appointment of a trustee or a receiver for it; (v) the levy on the Master Lease or any other agreement of the Master Tenant under any attachment or execution; (vi) the institution of a proceeding, or entrance of a final court order, for the Master Tenant's dissolution; (vii) Master Tenant makes a general assignment, or takes other action, for the benefit of creditors; or (viii) Master Tenant violates the Loan Documents.

If the Master Tenant defaults under the Master Lease, past all applicable cure periods, the Trust may (i) terminate the Master Lease (with 10 days' notice); (ii) with 10 days' notice, but without terminating the Master Lease, terminate the Master Tenant's right to occupy the Property and re-enter and take possession of the Property; (iii) enter the Property and take any action required of the Master Tenant under the Master Lease, for which the Master Tenant is required to reimburse the Trust for its expenses; (iv) upon termination of the Master Lease, if the Master Tenant has not vacated, treat the Master Tenant as a holdover, month-to-month tenant for which Master Tenant is required to pay 125% Rent; and (v) exercise all other remedies available at law or in equity.

Indemnification

The Master Tenant will indemnify the Trust, and its officers, directors, trustees, employees, and beneficial interest holders, including the Purchasers from claims, damages, losses and expenses, including reasonable attorneys' fees, incurred or asserted against the Trust by reason of the Master Tenant's gross negligence, willful misconduct, fraud, or breach of the Master Lease. The Master Tenant will also indemnify the Trust for any payments it is required to make in respect of any non-recourse carve-outs under the Loan Documents, if such payments are caused by: (i) Master Tenant's fraud, willful misconduct or misappropriation, (ii) Master Tenant's commission of a criminal act, (iii) the misapplication of Property funds by the Master Tenant, and/or (iv) damage or destruction to the Property caused by Master Tenant's gross negligence.

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SUMMARY OF THE TRUST AGREEMENT

General

The Trust is the owner of the Property. The Purchasers will acquire their Interests in the Trust subject to the Trust Agreement, and will thereupon become Beneficial Owners of the Trust. The rights and obligations of the Beneficial Owners will be governed by the Trust Agreement.

The following is a summary of some of the significant provisions of the Trust Agreement and of the Springing LLC's Limited Liability Company Operating Agreement. This summary is qualified in its entirety by reference to the full text of such agreements. **Each prospective Purchaser should carefully review the entire Trust Agreement before investing. A copy of the Trust Agreement is attached as Exhibit B of this Memorandum.**

Summary of Certain Provisions of the Trust Agreement

Purchasers as Beneficial Owners; Trust's Use of Proceeds

Pursuant to this Offering, the Trust is offering Interests for sale to prospective Purchasers. As Interests are sold to Purchasers, up to 99% of the Depositor's Class 2 Beneficial Interests will be redeemed by the Trust on a one-for-one basis until the Maximum Offering Amount has been achieved and all Interests have been sold.

The Trust may and shall retain and utilize the first $2,300,000 of the net proceeds received by the Trust from the sale of Interests to fund the Supplemental Trust Reserve. The net proceeds thereafter will be used by the Trust, in accordance with the Trust Agreement, to repay the Bridge Financing (including Carry Costs). After the Bridge Financing has been repaid in full, the Trust will retain and utilize any remaining net proceeds to fund any reimbursements, compensation and fees owed to the Sponsor and/or its affiliates in connection with the Offering, including reimbursement of amounts contributed by the Depositor on account of the Acquisition Fee, if applicable. With regard to the above, the "net proceeds" from the sale of Interests shall be equal to the purchase price of each Interest, less the Sales Commissions, Marketing/Due Diligence Expense Allowances, Managing Broker-Dealer Fee and Organization and Offering Expenses allocable to each such sale. See "*Estimated Use of Proceeds*" and "*Compensation and Fees*."

Term

The Trust will terminate upon the first to occur of (i) a sale of the Property or (ii) a Transfer Distribution of the Property. The death, incapacity, dissolution, termination or bankruptcy of the Trustee, the Manager or any Beneficial Owner will not result in the termination or dissolution of the Trust.

The Trustee

Delaware Trust Company has been appointed as the Trustee of the Trust. The Trustee holds the Property in trust for the benefit of the Beneficial Owners. The Trustee only has the limited powers and authority specified in the Trust Agreement. The Trustee shall take such actions as may be directed in writing by the Manager, provided however, the Trustee is not permitted or required to take any action that is contrary to the Trust Agreement or applicable law. The Trustee has no duty to take any action except as expressly provided for in the Trust Agreement.

The Trustee will receive compensation for its services under the Trust Agreement and will be reimbursed for out-of-pocket expenses, fees and disbursements, counsel fees and expenses. The Trustee may resign at any time by giving at least 60 days' prior written notice to the Manager. The Beneficial Owners will indemnify the Trustee for all actions taken on behalf of the Trust except for liabilities resulting from willful misconduct, bad faith, fraud or gross negligence, in the case of the Trustee, and fraud or gross negligence, in the case of the Manager. The Manager may remove the Trustee at any time, but only for the willful misconduct, bad faith, fraud or gross negligence of the Trustee; provided that the Manager may not remove the Trustee without the consent of the Lender while the Loan is outstanding.

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The Manager

BR 79 West DST Manager, LLC, an affiliate of the Sponsor, will serve as the Manager of the Trust. The Manager has the power and authority to manage the limited investment activities and affairs of the Trust as permitted under the Trust Agreement; provided, that the Manager has no power to engage on behalf of the Trust in activities in which the Trust could not engage directly, and all of the Manager's power and authority is limited to the extent such powers and authority is materially consistent with the powers and authority conferred upon the trustee in Revenue Ruling 2004-86. The Manager has the primary responsibility for performing the administrative actions set forth in the Trust Agreement, including collecting rents and making distributions. The Manager is authorized to execute and deliver, and cause the Trust to perform its obligations under transaction documents to which the Trust becomes a party. The Manager has the sole discretion to determine when it is appropriate to sell the Property.

The Manager may (but is not anticipated to) receive fees for its services under the Trust Agreement. The Manager may resign at any time by giving at least 30 days' prior written notice to the Trustee. The Beneficial Owners will indemnify the Manager for all actions taken on behalf of a Trust except for fraud or gross negligence of the Manager. Any indemnity obligations shall be limited to and only paid out of the Trust Estate. The Manager will not have any liability to any person except for its own fraud or gross negligence. Subject to the next sentence, the Trustee may either (1) limit the duties of the Manager under the Trust Agreement, or (2) remove the Manager at any time, but only for the fraud or gross negligence of the Manager which causes material damage to, or diminution in value of, the Property. If any portion of the Loan remains outstanding, the Lender must consent to the Trustee's removal of the Manager or to any limitation of the Manager's duties.

Except as expressly provided in the Trust Agreement or other transaction documents contemplated thereby, the Manager does not have any duties or obligations with respect to the Trust, the Trust Agreement or other transactional documents contemplated therein. Notwithstanding the foregoing, following the issuance of a conversion notice, which will occur prior to the Initial Closing of Interests, the Trustee will have no ability to take any action that would cause the Trust to cease to qualify as an investment trust within the meaning of Treasury Regulations Section 301.7701-4(c). The Manager will keep customary and appropriate books and records relating to the Trust and the Property.

Power of Trustee and Manager

The Trust Agreement expressly prohibits the Trustee and the Manager from taking a number of actions, including the following: (a) selling, transferring or exchanging the Property except as required or permitted under the Trust Agreement; (b) reinvesting any monies of the Trust, except to make permitted modifications or repairs to the Property or in short-term liquid assets; (c) renegotiating the terms of the Loan or entering into new financing; (d) renegotiating the Master Lease on the Property or entering into new leases, except in the case of the Master Tenant's bankruptcy or insolvency; (e) making modifications to the Property (other than minor non-structural modifications) unless required by law; (f) accepting any capital from a Beneficial Owner (other than capital from a Purchaser that will be used to pay the fees, costs and expenses of the offer and sale of the Interests, fund initial reserves or repurchase up to 99% of the Depositor's Class 2 Beneficial Interests and thereby reduce the Depositor's ownership interest, as discussed above); or (g) taking any other action that in the reasoned opinion of Tax Counsel to the Trust should cause the Trust to be treated as a business entity for federal income tax purposes 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 applicable tax law.

As a result, the Trust may be required to effectuate a Transfer Distribution in order to take any of the above actions which may be necessary, in the Manager's sole discretion, to preserve and protect the Property. While the Property will remain subject to the Loan after any such Transfer Distribution, the Beneficial Owners will no longer be considered to own, for U.S. federal income tax purposes, a direct ownership interest in the Property. Instead, the Beneficial Owners will become members in the Springing LLC, which will then own the Property. The Manager (or an affiliate of the Manager), will be the manager of the Springing LLC. See "*Summary of Certain Provisions of the "Springing LLC" Limited Liability Company Operating Agreement*" below.

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Transfer Rights; Right of First Refusal

The Beneficial Owners' right to transfer or assign their Interests is subject to Section 6.4 of the Trust Agreement. In addition, except in certain limited circumstances, any selling Beneficial Owner must allow the Manager and the other Beneficial Owners the right of first refusal to purchase the Interest it is seeking to sell. Upon receipt by a selling Beneficial Owner (a "**Selling Beneficial Owner**") of a third-party offer to purchase the Interest held by the Selling Beneficial Owner (the "**Offered Interest**") or any right to control the Selling Beneficial Owner, the Selling Beneficial Owner must provide the Manager notice and a term sheet listing: (i) the offer price, (ii) the name and location of the person making such offer, and (iii) all other terms and conditions of the proposed purchase and sale (the "**ROFR Notice**"). The Manager will then send a copy of the ROFR Notice to each of the other Beneficial Owners in accordance with the contact details contained in the Trust ownership records (the "**Non-Selling Beneficial Owners**") within five days after the Manager's receipt of the ROFR Notice. The Non-Selling Beneficial Owners will have the right, but not the obligation, within 15 days of the Manager's receipt of the ROFR Notice, to elect to purchase the Offered Interest for the price and upon the terms and conditions contained in the third-party offer, reduced by any broker's fees or commissions payable in connection with a sale pursuant to the third-party offer. The Offered Interest will be sold to participating Non-Selling Beneficial Owners on a pro rata basis according to their ownership interest. If the person who made the third-party offer does not purchase the Offered Interest, then the Offered Interest may not be sold unless and until the Non-Selling Beneficial Owners have been given a new opportunity to accept any new or revised third-party offer (in accordance with the procedure described above). Any sale or conveyance of an Offered Interest that fails to comply with these provisions will be null, void and ineffectual, and will not bind the Trust or any other Beneficial Owners with respect to a purported transferee. Further, in connection with any transfer that violates the right of first refusal, the Trust may enforce the right of first refusal by injunction, specific performance or other equitable relief, and both the Selling Beneficial Owner and the purported transferee will be jointly and severally responsible to reimburse the Trust, the Manager and the Trustee for all of their attorney fees and other costs and expenses incurred in connection with enforcing the right of first refusal or any such remedial action or legal proceeding.

Any transferee will take such Interest subject to the Trust Agreement, and will become a Beneficial Owner only upon written acceptance and adoption of the Trust Agreement. Each Beneficial Owner will be responsible for compliance with applicable securities laws with respect to any sale of his or her Interest.

Waivers

Except as expressly provided in the Trust Agreement, no Beneficial Owner (i) has an interest in the Property or (ii) will have any right to demand and receive from the Trust an in-kind distribution of the Property or any portion thereof. Each Beneficial Owner expressly waives any right, if any, under the DST Act to seek a judicial dissolution of the Trust, to terminate the Trust or, to the fullest extent permit by law, to partition the Property. In addition, each Beneficial Owner expressly waives any right, to the fullest extent permitted by law, to file a petition in bankruptcy on behalf of the Trust or take any action that consents to, aides, supports, solicits or otherwise cooperates in the filing of an involuntary bankruptcy proceeding involving the Trust.

Distributions

The Manager will distribute all available cash to the Beneficial Owners on a monthly basis, after paying or reimbursing the Manager for any reasonable fees or expenses paid by the Manager on behalf of the Trust and reserving and retaining such additional amounts as the Manager determines are necessary to pay anticipated ordinary current and future Trust expenses. The Trust's reserves, to the extent they are controlled by the Trust, shall be invested by the Manager only in short-term obligations of (or guaranteed by) the United States, or any agency or instrumentality thereof and in certificates of deposit or interest-bearing bank accounts of banks or trust companies. The Manager will furnish reports annually to the Beneficial Owners as to the receipts, expenses and reserves of the Trust.

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Termination of the Trust to Protect the Property; Transfer Distribution

Subject to the terms and conditions of the Loan Documents, if the Manager determines that (a) the Master Tenant is insolvent or has failed to timely pay the full rent due under the Lease after the expiration of any applicable notice and cure provisions in the Master Lease (not including any permitted deferral of rent due pursuant to Section 4.2 of the Master Lease), (b) the Trust Estate is in jeopardy of being lost due to a default or imminent default on the Loan, and in either case the Manager is prohibited from acting pursuant to Section 3.3 of the Trust Agreement, (c) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (d) the Loan will commence hyper-amortization within 90 days under which all cash flow from the Property would need to be utilized to pay down the principal and interest on the Loan, (e) the Trust is otherwise terminated in violation of Section 3.3(c) of the Trust Agreement, (f) the Manager needs to take, but is precluded from taking, one of the actions enumerated in Section 3.3(c) of the Trust Agreement and the Manager determines in writing that dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Estate for the benefit of the Beneficial Owners, or (g) the Trust is otherwise terminated or dissolved without the consent of Lender, then, in any such case, the Manager will transfer title to the assets comprising the Trust Estate to the Springing LLC, a newly-formed Delaware limited liability company that has a limited liability company operating agreement substantially similar to the form thereof attached to the Trust Agreement (which is Exhibit B to this Memorandum). As part of the Transfer Distribution, the Manager will cause the membership interests in the Springing LLC to be distributed to all beneficial owners of the Trust in proportion to their ownership interests immediately prior to the dissolution of the Trust, in complete satisfaction of their beneficial interests and their beneficial ownership certificates, in order to consummate the dissolution of the Trust.

If a determination has been made to make a Transfer Distribution, the Manager may, in its discretion and upon advice of counsel, utilize such other form of transaction (including, without limitation, a conversion of the Trust into a limited liability company if then permitted by applicable law) to accomplish the transaction contemplated by the Manager pursuant to the Transfer Distribution (which other form of transaction will only require the approval of the Manager and will not require the approval of any Beneficial Owners or the Trustee), provided that such alternative form of transaction is entered into to preserve and protect the Trust Estate for the benefit of the Beneficial Owners and is otherwise in compliance with the Statutory Trust Act. See below "*Summary of Certain Provisions of "Springing LLC" Limited Liability Company Operating Agreement.*"

Sale of the Property

Pursuant to Section 2806(b)(3) of the Statutory Trust Act, the Manager will sell the Trust Estate upon its determination (in its sole discretion) that a sale of the Trust Estate is appropriate. However, absent unusual circumstances, it is anticipated that the Trust will hold the Trust Estate for at least two years. The Manager will be responsible for (i) determining the fair market value of the Property, (ii) providing notice to the Trustee of the sale of the Trust Estate and (iii) conducting the sale of the Trust Estate on behalf of the Trust under commercially reasonable terms and executing such documents and instruments required to be executed by the Trust to affect such sale (Manager will also provide to the Trustee in execution form any documents and instruments required to be executed by the Trustee to affect such sale). The Manager (and the Trustee, if necessary) will take all reasonable action that would seek to enable the sale to qualify, with respect to each Beneficial Owner, as a like-kind exchange within the meaning of Code Section 1031. After paying all amounts due to the Trustee and the Lender, if any, the Manager will distribute the balance of the proceeds (net of any closing costs payable by the Trust including any fee due to the Manager) to the Beneficial Owners.

The Manager will receive a disposition fee from the Trust equal to 3.5% of the gross proceeds of the sale, exchange or other disposition of the Property (the "**Disposition Fee**") from which it will pay all sales commissions payable to any third-party broker in connection with the sale, such that the aggregate amount of the Disposition Fee plus the third-party brokerage commission does not exceed 3.5% of the gross sales price of the Property. In addition, the Trust will pay the Manager an amount equal to the amount, if any, of deferred and unpaid Asset Management Fee under the terms of the Property Management Agreement.

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Restriction of Certain Rights

Beneficiaries of a DST have rights to certain information from the Trust under the DST Act. In prior investment programs of the Sponsor, including prior DST programs, small minority investors have attempted to use certain of these statutory information rights to seek to "greenmail" the Trust and to otherwise adversely affect the interests of legitimate investors in the investment program. Therefore, the Sponsor has determined it to be in the best interest of the program to eliminate the statutory information rights in favor of the following:

- The Manager will furnish annual reports to investors regarding rent received from the Master Tenant, Trust expenses, the amount of Trust reserves and the amount of distributions made by the Trust to Beneficial Owners;
- Beneficial Owners may, on written demand to the Manager, once a quarter receive a copy of the Trust Agreement (with all Beneficial Owner identifying information redacted) and a copy of the Certificate of Trust;
- Beneficial Owners have no further informational rights, including no right to receive any list of the other Beneficial Owners or any of their contact information; and
- In addition, the Trust Agreement eliminates certain liabilities and duties of the Manager except as expressly set forth in the Trust Agreement; provided, however, no provision in the Trust Agreement is intended to or will operate to eliminate the implied covenant of good faith and fair dealing.

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 Purchaser should be treated as owning a direct interest in the Property for purposes of Code Section 1031. See "*Federal Income Tax Consequences*." Each Purchaser will be required to report his, her or its Interests in the Trust in a manner that is consistent with the foregoing.

Summary of Certain Provisions of "Springing LLC" Limited Liability Company Operating Agreement

The following is a summary of some of the more significant provisions of the Limited Liability Company Operating Agreement of the Springing LLC (the "**Springing LLC Operating Agreement**") to be entered into upon a Transfer Distribution. A form of the Springing LLC Operating Agreement is attached to the Trust Agreement (which is Exhibit B to this Memorandum) and should be referred to for a complete statement of the rights and obligations of its members. The following is merely a summary of the terms of the Springing LLC Operating Agreement and is qualified in its entirety by the full text thereof. **Prospective Purchasers should carefully review the Springing LLC Operating Agreement before subscribing for Interests.**

Management. The Manager or its affiliate will become the manager of the Springing LLC upon a Transfer Distribution. The manager of the Springing LLC will have exclusive discretion in the management and control of the business and affairs of the Springing LLC. The Springing LLC Operating Agreement will grant to the manager broad authority in the exercise of the management and control of the Springing LLC. The manager of the Springing LLC will have complete power to do all things necessary or incident to the management and conduct of the Springing LLC's business.

Rights of Members of the Springing LLC. The Beneficial Owners will become members in the Springing LLC. The members of the Springing LLC will not have the right to take part in the management or control of the business or affairs of the Springing LLC, to transact any business for the Springing LLC, or to sign for or bind the Springing LLC. The members, however, will have the right to receive information required for federal income tax reporting and certain other financial information and to inspect certain records of the Springing LLC. Upon the requisite vote of the members, the members will have the right to: (i) amend the Springing LLC Operating Agreement, subject to certain limitations specified in the Springing LLC Operating Agreement, with the consent of the manager, (ii) remove the manager for cause (as defined in the Springing LLC Operating Agreement), (iii) elect a successor

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manager, with the consent of the manager, (iv) elect a successor tax matters partner, with the consent of the manager, and (v) elect to continue the Springing LLC after a dissolution event, with the consent of the manager. The exercise of the foregoing specific rights will require the affirmative vote of the owners of record of more than 50% of the membership interests held by members in each case.

Limited Liability. Except as described below, no member or manager will be liable for the Springing LLC's debts or other obligations, except to the extent of such member or manager's share of undistributed profits, if any, and the amount of any distributions made to such member or manager by the Springing LLC constituting a return of such member or manager's capital contribution, unless such member or manager takes part in the control of the Springing LLC's business, which is not permitted under the Springing LLC Operating Agreement.

Transfer of Membership Interests. No transfer of a membership interest in the Springing LLC may be made unless the manager of the Springing LLC, in its sole discretion, has consented to such transfer. In addition, no transfer may be made if the effect of such transfer would be for the Springing LLC to be classified as a publicly traded limited partnership for federal income tax purposes. Further, no assignment of any membership interest may be made if the membership interests to be assigned, when added to the total of all other membership interests assigned within the 13 immediately preceding months, would, in the opinion of counsel for the Springing LLC, result in the termination of the Springing LLC under the Code. The manager may require an opinion of counsel that is acceptable to the manager that such transfer will not violate any federal or state securities laws or any provisions of any underlying loan agreements. Moreover, any transfer of a membership interest will be subject to a right of first refusal, similar to that which is applicable under the Trust Agreement with respect to transfers of Interests, discussed above. A person to whom a transfer is to be made will not become a substituted member in the Springing LLC unless (i) the manager, in its sole discretion, has consented to such substitution, (ii) the person to whom the transfer is to be made has assumed any and all of the obligations under the Springing LLC Operating Agreement with respect to the membership interests to which the transfer relates, (iii) all reasonable expenses required in connection with the transfer have been paid by or for the account of the person to whom the transfer is to be made, and (iv) all agreements, certificates or amended certificates and all other documents have been executed and filed and all other acts have been performed which the manager deems necessary to make the person to whom the transfer is to be made a substituted member in the Springing LLC and to preserve the Springing LLC's status.

Additional Voluntary Capital Contributions. The manager may request at any time that the members make additional capital contributions to the Springing LLC on a pro rata basis in proportion to each member's membership interest. The members are not required to comply with any such request. The manager will adjust the members' capital contributions and membership interests to equitably reflect any additional capital contributions made by members.

Termination and Winding Up. The Springing LLC will be dissolved upon the occurrence of any of the following events:

(i) The manager of the Springing LLC determines to terminate the Springing LLC;

(ii) The sale, exchange or other disposition of the Property;

(iii) The occurrence of any event of dissolution in the Springing LLC's Certificate of Formation; or

(iv) The death, insanity, withdrawal, retirement, resignation, expulsion, insolvency or dissolution of the manager unless members holding more than 50% of the membership units of the Springing LLC consent to continue the business of the Springing LLC.

However, for so long as the Springing LLC's obligations under the Loan Documents remain outstanding, the Springing LLC may not be terminated without the prior written consent of the Lender.

The bankruptcy, death, dissolution, liquidation, termination or adjudication of incompetency of a member will not cause the termination or dissolution of the Springing LLC and the business of the Springing LLC will continue.

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In the event of the Springing LLC's dissolution, (a) the Springing LLC's affairs will be terminated and wound up, (b) an accounting will be made, (c) the Springing LLC's liabilities will be paid or adequately provided for, (d) a reserve will be established to satisfy any legal requirements, and (e) the Springing LLC's remaining assets will be distributed to the members as provided for in proportion to their membership interests.

Meetings and Voting. A meeting of the members may be called at any time by the manager. The manager will call for a meeting following receipt of a written request of members holding more than 10% of the membership units of the Springing LLC. At a meeting of the members, the presence of members holding more than 50% of the membership interests, in person or by proxy, will constitute a quorum. A member may vote either in person or by written proxy signed by the member or by his, her or its duly authorized attorney in fact. Persons present by telephone will be deemed to be present "in person" for purposes thereof. Matters may also be brought on for action and implemented by the manager by Majority Vote.

However, notwithstanding these provisions, as long as the Loan is outstanding the members will be conclusively deemed to have elected to continue the existence of the Springing LLC.

Removal or Withdrawal of Manager and Election of Successor Manager. The manager of the Springing LLC can be removed and its successor chosen by the members holding more than 50% of the membership interests. However, at any time the Loan is outstanding, consent of the Lender will also be required for removal of the manager and appointment of a successor manager.

Fees and Compensation to the Manager and its Affiliates. The manager of the Springing LLC, its affiliates, and affiliates of officers of the manager will be entitled to receive an administrative fee and additional compensation for any additional service performed on behalf of the Springing LLC equal to the then-prevailing market rates for similar services performed in the area where the Property is located. In addition, the Manager will receive a disposition fee from the Trust equal to 3.5% of the gross proceeds of the sale, exchange or other disposition of the Property from which it will pay all sales commissions payable to any third-party broker in connection with the sale, such that the aggregate amount of the Disposition Fee plus the third-party brokerage commission does not exceed 3.5% of the gross sales price of the Property.

Books and Records. The Springing LLC Operating Agreement will require the manager to distribute to each member, promptly following the close of the Springing LLC's fiscal year on December 31, annual information necessary for tax purposes.

Indemnification. Subject to certain conditions, the Springing LLC will indemnify the manager against certain claims or lawsuits arising out of the Springing LLC's activities or operations.

Power of Attorney. The manager of the Springing LLC will not be liable to any member of the Springing LLC or to the Springing LLC for honest mistakes of judgment, or for action or inaction, taken reasonably and in good faith for a purpose that was reasonably believed to be in the best interests of the Springing LLC, or for losses due to such mistakes, action or inaction, or for the negligence, dishonesty or bad faith of any employee, broker or other agent of the Springing LLC. However, this provision will not relieve the manager from liability attributable to gross negligence, willful misconduct or intentional wrongdoing or to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law.

Restriction of Information Rights. The rights of members of the Springing LLC to information may be restricted similarly to how the rights of Beneficial Owners have been restricted as summarized above.

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SUMMARY OF THE PROPERTY MANAGEMENT AGREEMENT

The Property Manager and the Master Tenant have entered into the Property Management Agreement with respect to the Property. The Property Management Agreement governs the rights and obligations regarding the management of the Property and the compensation to be paid to the Property Manager. The Property Manager intends to subcontract all day-to-day, on-site management, leasing and related functions for the Property to the Property Sub-Manager, which initially is RKW Residential.

The following is a summary of some of the significant provisions of the Property Management Agreement. This summary is qualified in its entirety by reference to the full text of the agreement, a copy of which is attached as Exhibit C of this Memorandum.

Term	The Property Management Agreement has an initial term of 12 months, but will be automatically renewed thereafter for successive one-year terms, unless terminated by one of the parties.
Rights and Duties of the Property Manager	In general, the Property Manager will manage, coordinate and supervise the ordinary and usual business and affairs pertaining to the operation, maintenance, leasing, licensing and management of the Property. The Property Manager intends to subcontract all day-to-day, on site management, leasing and related functions at the Property to the Property Sub-Manager.
Property Management Fee	The Property Manager will receive a property management fee (the "**Property Management Fee**") equal to 2.75% of the monthly Gross Receipts realized for the Property (as defined in the Property Management Agreement). The Property Manager has sub-contracted the day-to-day property management functions for the Property to RKW Residential. In the current Sub-Property Management Agreement with RKW Residential, the Property Manager will pay RKW Residential the entire Property Management Fee. However, as detailed more fully in the Property Management Agreement, the Master Tenant's obligation to pay the Property Management Fee is subject and subordinate to its obligation under the Loan. In addition, the Property Manager and Property Sub-Manager will be reimbursed for certain expenses. The Property Management Fee and any expense reimbursements shall be paid solely by the Master Tenant. For its supervisory services, the Property Manager may receive an amount equal to the savings if the Property Sub-Manager's monthly management fee is reduced below 2.75% in subsequent years of the Gross Receipts realized for the Property.
Asset Management Fee	The Property Manager will receive an annual Asset Management Fee equal to 0.20% of the contract purchase price, or $141,200, for 2022, and paid monthly in arrears. The Asset Management Fee for subsequent years will be paid on a pro rata basis, monthly in arrears, and if the Property Management Agreement terminates during any calendar year, shall be pro-rated for any such partial year. The Property Manager may elect to be paid less than the full amount of the Asset Management Fee to which it is entitled under the Property Management Agreement, in which event the Property Manager may also elect to defer or accrue such amounts, without interest, to be paid at a later point in time. Any deferred and accrued Asset Management Fees will be due and payable in full upon a disposition of the Property from the proceeds of the sale thereof.
Indemnification	The Master Tenant will hold the Property Manager, as its agent, harmless from liability, except for willful misconduct or gross negligence of the Property Manager.

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Budget The Property Manager will prepare and deliver each year to the Master Tenant an annual approved operating budget for the Property.

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SUMMARY OF THE PURCHASE AGREEMENT

General

Each prospective Purchaser must execute a Purchase Agreement. Prospective Purchasers should review the entire Purchase Agreement with their own independent legal counsel before submitting an offer to purchase an Interest. The following is merely a summary of some of the significant provisions of the Purchase Agreement, and is qualified in its entirety by the full text thereof, a copy of which is attached to this Memorandum as Exhibit E.

Submission of Offer to Purchase

A summary of the procedures for the offer and purchase of an Interest is set forth under "*Method of Purchase*."

Closing

Prior to closing, each prospective Purchaser is required to deliver to the Trust (i) the Purchase Agreement, (ii) an executed signature page or joinder to the Trust Agreement, and (iii) such other documents as may reasonably be requested by the Trust and/or the escrow agent. At the closing of its purchase of an Interest, each Purchaser will receive an Interest in the Trust.

Limited Representations

The Trust provides limited representations or warranties in the Purchase Agreement, including with respect to the ownership of the Property and condition of the Property. Consequently, each Purchaser must rely on his, her, or its own investigations and analysis of the Property and is encouraged to seek the advice of his, her, or its own independent legal counsel, accountants, and real estate advisors.

Indemnity

The Purchase Agreement contains an indemnity provision whereby each Purchaser will be required to indemnify, defend and hold the Trust, the Sponsor, Bluerock and their affiliates harmless from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs) that they may incur by reason of the untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained in the Purchase Agreement or in any other document the Purchaser has furnished to them.

No Tax Advice

Purchasers also will acquire their Interests without any representations from the Trust, the Sponsor, the Depositor or the Manager regarding tax implications of the transaction. The Trust received an opinion of Tax Counsel on which each Purchaser may rely, but only concerning the matters specifically addressed therein. Notwithstanding the preceding sentence, the opinion of Tax Counsel is not intended or written to be used, and it cannot be used, by any Purchaser for the purpose of avoiding penalties that may be imposed under the Code. The Tax Opinion was written to support the promotion or marketing of a particular transaction, and each Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor. A copy of the Tax Opinion is attached to this Memorandum as Exhibit D.

Each Purchaser should consult his own independent legal counsel and other tax advisors regarding the tax implications of an investment in an Interest, including whether or not such investment will qualify for deferral of gain under Code Section 1031, if so contemplated. See "*Federal Income Tax Consequences*" below.

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Bad Actor Addendum

Purchasers who subscribe for a 20% or more beneficial interest in the Trust, as determined in accordance with the Trust Agreement as of the date of the Purchaser's subscription, shall be required to complete a "bad actor addendum" in the form attached to the Purchase Agreement (the "**Bad Actor Addendum**"). Purchasers acquiring a 20% or more beneficial interest in the Trust ("**20% Investors**" and each a "**20% Investor**") shall be further required to complete and deliver to the Manager, concurrently with the execution and delivery of the Bad Actor Addendum, an irrevocable proxy granting the Manager the right to vote any and all Interests held by such 20% Investor (the "**Bad Actor Proxy**") upon the effectiveness of the Bad Actor Proxy. A Bad Actor Proxy shall become effective at such time as a 20% Investor becomes subject to a "disqualification event" as described in Rule 506(d) of Regulation D. Once effective, a Bad Actor Proxy shall remain in effect until the date upon which the applicable 20% Investor is no longer subject to any disqualification event.

Dispute Resolution

Each Purchaser agrees that any dispute arising out of the Purchase Agreement must be brought in a court of competent jurisdiction located in New York, New York, and voluntarily waives any right he, she or it may have to a jury trial in such proceeding.

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FEDERAL INCOME TAX CONSEQUENCES

The following discussion applies only if a Purchaser buys an Interest directly from the Trust pursuant to this Offering. You should not view the following analysis as a substitute for careful tax planning, particularly since the income tax consequences of an investment in an Interest are uncertain and complex. Also, the tax consequences will not be the same for all taxpayers. You should be aware that the following discussion necessarily condenses or eliminates many details that might adversely affect you significantly and does not address the tax issues that may be important to you if you are subject to special tax treatment, such as a foreigner or tax-exempt entity. Except where otherwise noted, this discussion addresses only federal income tax aspects of an investment in an Interest and does not address or discuss aspects of state and local taxation relating to such an investment. Each prospective Purchaser should consult his, her, or its own tax advisor about the specific tax consequences to him, her, or it before investing.

The following discussion of federal income tax consequences is based on laws and regulations presently in effect and, except where noted, does not address state, local or foreign tax laws. You should be aware that new administrative, legislative or judicial action could significantly change the tax aspects associated with an Interest. In particular, the TCJA and the CARES Act recently revised certain provisions of the federal income tax law that affect the tax consequences of real estate investments. Many of these provisions are complex and their scope and interpretations are presently uncertain.

Accordingly, there is uncertainty concerning certain tax aspects discussed herein, and there can be no assurance that the IRS may not challenge some of the deductions you may claim or positions you may take. Specifically, as of the date of this Memorandum, there has been limited guidance issued to address the uncertainties under the TCJA and the CARES Act. Should the IRS challenge the tax treatment of an investment in an Interest, even if the challenge is unsuccessful, you could be faced with substantial legal and accounting costs in resisting the challenge.

You should not buy an Interest solely for the purpose of obtaining a tax shelter for income from other sources. An Interest is unlikely to provide any such tax shelter.

Before buying an Interest, you must represent and warrant that you:

(i) have independently obtained advice from your legal counsel and/or accountant about any tax-deferred exchange under Code Section 1031 and applicable state laws, including, without limitation, whether your acquisition of an Interest pursuant to this Offering will enable you to defer the recognition of gain on your disposition of "relinquished property" pursuant to Code Section 1031, and you are relying on such advice;

(ii) understand that neither the Trust, the Sponsor, the Trustee, the Manager nor any of their affiliates have obtained a ruling from the Internal Revenue Service that an Interest will be treated as an undivided interest in real estate, as opposed to an interest in a partnership, a security or a certificate of trust or beneficial interest;

(i) understand that the federal income tax consequences of an investment in an Interest, especially the treatment of the transaction under Code Section 1031 and the related Section 1031 Exchange rules, are complex and vary with the facts and circumstances of each individual Purchaser, and

(ii) understand that the opinion of Tax Counsel is only Tax Counsel's view of the anticipated federal income tax treatment and there is no guarantee that the IRS will agree with such opinion.

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Nature of Interests

Classification of Trust. The Sponsor has attempted to structure the Offering of Interests so that a Purchaser acquiring an Interest will be treated for Code Section 1031 purposes as acquiring an interest in real estate and not either an interest in a partnership, a security or a certificate of trust or beneficial interest. If an Interest was to be treated as an interest in a partnership, a security or a certificate of trust or beneficial interest, then a Purchaser of an Interest would be unable to use its acquisition of an Interest as part of a transaction to defer gain under Code Section 1031.

The Trust has obtained an opinion from Tax Counsel in connection with the Offering that: (i) the Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation Section 301.7701-4(a); (ii) the Beneficial Owners should be treated as "grantors" of the Trust; (iii) as "grantors" of the Trust, the Beneficial Owners should be treated as owning an undivided fractional interest in the Property for federal income tax purposes; (iv) the Interests should not be treated as securities for purposes of Code Section 1031; (v) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Code Section 1031; (vi) the Master Lease should be treated as a true lease and not a financing for federal income tax purposes; (vii) the Master Lease should be treated as a true lease and not a deemed partnership for federal income tax purposes; (viii) the discussions of the federal income tax consequences contained in this Memorandum are correct in all material respects; and (ix) certain judicially created doctrines should not apply to change the foregoing conclusions. The issues which are the subject of such opinion have not been definitely resolved by statutory, administrative or case law. A Purchaser who is acquiring an Interest as "replacement property" in a Section 1031 Exchange for an interest in real estate must be aware that in order to qualify any of his gain realized in such exchange for tax deferral under Code Section 1031, the Interest must be treated as an interest in real estate.

Tax Counsel's opinion is based upon existing cases and rulings, and, in particular, the analysis in Revenue Ruling 2004-86, 2004-2 CB 191. Revenue Ruling 2004-86 sets forth the limited circumstances under which a DST may be classified as an "investment trust" for federal income tax purposes rather than as a business entity taxable as a corporation or partnership. Revenue Ruling 2004-86 concludes that because the owner of an "investment trust" is considered to own an undivided fractional interest in the trust assets attributable to that interest for federal income tax purposes, the exchange of real property for an interest in an "investment trust" that holds only real property through a qualified intermediary is treated as an exchange of real property for an interest in real property, and not the exchange of real property for a certificate of trust or beneficial interest for purposes of Code Section 1031.

Tax Counsel's opinion that the Beneficial Owners should be treated as grantors of the Trust means that a Beneficial Owner is required to take into account, in computing his federal income tax liability, his proportionate share of all items of income, gain, loss, deduction and credit attributable to the Trust. In addition, all property owned by the Trust will be deemed for federal income tax purposes to be owned by the grantors of the Trust in proportion to their Interests in the Trust.

A Beneficial Owner should be treated as a grantor of the Trust because the Beneficial Owner conveyed cash to the Trust in exchange for an Interest. In addition, each Beneficial Owner will have a reversionary interest in the Trust corpus and will be automatically entitled to receive his proportionate share of the income of the Trust. Therefore, the Beneficial Owners should be treated, for federal income tax purposes, as if they own the Property held by the Trust, notwithstanding the fact that an Interest could be treated as intangible property or securities for securities law, state law, or local law purposes. The TCJA eliminated the specific exceptions under Code Section 1031 for securities and other intangible assets. Although the specific language providing for the exceptions has been eliminated, Tax Counsel believes that an analysis of these terms remains relevant and concluded that the Interests should not be treated as securities for purposes of Code Section 1031. However, due to the current lack of guidance regarding the scope of the TCJA's amendment to Code Section 1031, it is possible that the IRS could take a contrary position on these issues.

The Trust and the Sponsor have not received and will not request a private ruling from the IRS regarding the federal income tax classification of the Trust. After examining the relevant cases, Treasury Regulations and rulings (and, in particular, Revenue Ruling 2004-86 and Treasury Regulations Section 301.7701-4(c)), however, Tax Counsel has concluded that the Trust should be treated as an "investment trust" for federal income tax purposes because the

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powers and authority granted to the Trustee, Manager, Beneficial Owners and the Trust in the Trust Agreement do not exceed the powers and authority of the "investment trust" described in Revenue Ruling 2004-86. Tax Counsel has also concluded that the Beneficial Owners should be treated as grantors of the Trust. Tax Counsel further believes that these conclusions are consistent with the underlying cases, Treasury Regulations and rulings that govern whether a DST is classified for federal income tax purposes as an "investment trust" or instead as a business entity taxable as a corporation or partnership.

There is always a risk that the IRS may not agree with such opinion. The opinion of Tax Counsel is predicated on all the facts and conditions set forth in the opinion and is not a guarantee of the current status of the law and should not be accepted as a guarantee that a court of law or an administrative agency will concur in the opinion. If any of the facts or assumptions set forth in the opinion prove incorrect, it is possible that the tax consequences could change.

The Trust and other related arrangements have been structured to be substantially similar to the trust and other related arrangements described in Revenue Ruling 2004-86. There are several possible distinctions, however, including, but not limited to: (i) the ongoing role of the Manager; (ii) the potential termination of the Trust as a result of a Transfer Distribution; and (iii) providing the Manager with discretion to cause a sale of the Property. Tax Counsel has concluded that all of these provisions are consistent with the analysis in Revenue Ruling 2004-86 and the underlying cases and rulings, but no ruling will be obtained from the IRS in this regard.

THE ABOVE IS A SUMMARY OF THE OPINION FROM TAX COUNSEL. PURCHASERS SHOULD REVIEW THE ATTACHED OPINION IN ITS ENTIRETY.

Potential Significant Tax Costs If Interests Were Classified as Interests in a Partnership, Securities or Certificates of Trust or Beneficial Interests. If the Purchasers were to be treated for tax purposes as purchasing interests in a partnership, securities or certificates of trust or beneficial interests, the Purchasers would not qualify for deferral of gain under Code Section 1031, and each Purchaser who had relied on deferral of his gain from disposition of other interests in real property would immediately recognize such gain and be subject to federal income tax thereon. Moreover, since such determination would of necessity come after such Purchaser had purchased his Interest, such Purchaser would have no cash from the disposition of his original interests in real estate with which to pay the tax. Given the illiquid and long-term nature of an investment in the Interests, there would be no practical means of generating cash from an investment in the Interests to pay the tax. In such a case, a Purchaser would have to use funds from other sources to satisfy his tax liabilities.

Code Section 1031 Non-Recognition Treatment

Identification. The Treasury regulations under Code Section 1031 require that a taxpayer identify "replacement property" during the period (the "**Identification Period**") that begins on the date that the taxpayer transfers his "relinquished property" and ends at midnight on the 45th day thereafter (although if, as part of the same deferred exchange, the taxpayer transfers more than one relinquished property and the relinquished properties are transferred on different dates, then the Identification Period is determined by reference to the earliest date on which any of the properties are transferred). Also, any "replacement property" that is received by a taxpayer before the end of the Identification Period is in all events treated as identified before the end of the Identification Period.

Taxpayers are permitted to identify three properties without regard to the fair market value of the properties (the so-called "three property rule") or multiple properties with a total fair market value not in excess of 200% of the value of the relinquished property (the "200% rule"). A taxpayer also may identify any number of properties if it acquires at least 95% of the identified properties (the "95% rule").

For purposes of both the 200% rule and 95% rule, "fair market value" means the fair market value of the applicable property without regard to any liabilities secured by the property. Thus, a taxpayer identifying under the 200% rule for an unencumbered Relinquished Property having a value of $20 million could only identify Replacement Property(ies) having an aggregate gross fair market value (without regard to any liabilities which may encumber such property(ies)) of $40 million, in which case the identification of a single Replacement Property having a $30 million

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equity value but which is secured by a $20 million liability (and, thus, having a $50 million gross value) would violate the 200% rule.

After consulting with Tax Counsel, the Sponsor believes that the Property should constitute a single property for purposes of the three property rule although since there can be no assurance that a Purchaser's offer to acquire an Interest will be accepted, a Purchaser should not identify only the Property. In general, the identification rules of Code Section 1031 are strictly construed, and a Purchaser's exchange will not qualify for deferral of gain under Code Section 1031 if too many properties are identified or if the deadlines for identification are not met.

Tax Counsel will not render an opinion on identification matters and prospective Purchasers should seek the advice of their own tax advisors prior to subscribing for the Interests or identifying the Property as "replacement property" for a Section 1031 Exchange.

Other Requirements of Code Section 1031. Code Section 1031 provides for non-recognition of gain or loss only if real property held for use in a trade or business or for investment is exchanged for other real property of like-kind held for use in a trade or business or for investment. There are numerous requirements contained in the applicable provisions of the Code and Treasury Regulations concerning qualification for non-recognition under Code Section 1031. For instance, prospective Purchasers seeking to engage in a "deferred" exchange (within the meaning of Treasury Regulations Section 1.1031(k)-1) must properly identify one or more potential replacement properties within the 45-day identification period and complete the exchange within the 180-day exchange period. Such prospective Purchasers should also consider whether their arrangement falls within the "qualified intermediary" and/or "qualified escrow account" safe harbors of Treasury Regulation Section 1.1031(k)-1(g). Prospective Purchasers wishing to engage in a "reverse" or "parking" exchange should consult Rev. Proc. 2000-37, 2002-2 C.B. 308, which establishes a safe harbor for such exchanges. Each prospective Purchaser will have to determine with such his, her or its own tax advisors whether an exchange to be engaged in by the prospective Purchaser satisfies the requirements of Code Section 1031.

Each Purchaser will have to determine with such Purchaser's own tax advisors whether an exchange engaged in by the Purchaser satisfies the requirements of Code Section 1031.

Receipt of Identified Property. In addition to satisfying the identification rules, a taxpayer seeking to complete a Section 1031 Exchange must actually receive identified replacement property by no later than midnight on the earlier of the 180th day after the date that the taxpayer transfers the relinquished property or the due date (including extensions) for the taxpayer's income tax return for the taxable year in which the transfer of the relinquished property occurs.

"Real property" for purposes of Code Section 1031. As discussed above, subject to certain transition rules, the TCJA limited Section 1031 Exchanges to only apply to "real property" effective after December 31, 2017. Thus, tangible personal property and intangible property (even if associated with the real property) are no longer eligible for Section 1031 Exchanges under the TCJA. The TCJA, however, provided no guidance on the definition of "real property" for purposes of Code Section 1031. The existing Treasury Regulations defined "real property" by reference to local law. On June 12, 2020, proposed regulations were issued under Code Section 1031 and provided a broad definition of "real property" for purposes of Code Section 1031. Subsequently, on November 23, 2020, the Treasury and the IRS released final regulations (the "**Final 1031 Regulations**") defining "real property" for purposes of Code Section 1031. Under the Final 1031 Regulations, property is classified as real property for purposes of Code Section 1031 if the property is (i) classified as real property under the law of the state or local jurisdiction in which the property is located (subject to certain exceptions), (ii) specifically listed as real property in the Final 1031 Regulations, such as land, improvements to land, unsevered natural products of land, water and air space superjacent to land, and certain intangible interests in real property, or (iii) considered real property based on all the facts and circumstances under the various factors provided in the Final 1031 Regulations. The Final 1031 Regulations have also provided guidance for taxpayers receiving incidental personal property or paying for incidental personal property with funds being held by a qualified intermediary during a Section 1031 Exchange. Paying for or receiving personal property during a Section 1031 Exchange will not disqualify the entire transaction as long as the personal property is considered "incidental." Personal property will be considered "incidental" to real property acquired in a Section 1031 Exchange if, (i) in

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standard commercial transactions, the personal property is typically transferred together with the real property, and (ii) the aggregate fair market value of the incidental personal property transferred with the real property does not exceed 15% of the aggregate fair market value of the Replacement Property. Each prospective Investor will have to determine with such his, her, or its own tax advisors whether an exchange engaged in by the prospective Investor satisfies the requirements of Code Section 1031.

Treatment as Securities. Code Section 1031 excludes securities from the categories of property that may qualify for non-recognition. Thus, if the IRS were to classify the Interests as securities for Code Section 1031 purposes, the Interests would not qualify as replacement property for a Section 1031 Exchange. The term security is not defined in Code Section 1031 or the Treasury Regulations promulgated thereunder.

Based on an analysis of relevant authorities, however, Tax Counsel has concluded that, in all material respects, an Interest should not be considered a security for purposes of Code Section 1031 even though an Interest may be a security under applicable federal and state securities laws.

Tax Rates. Under current law, and subject to certain exceptions, long-term capital gains of individuals are generally subject to tax at a maximum federal income tax rate of 20% (25% for any long-term capital gains that constitute "unrecaptured Section 1250 gain") and ordinary income of individuals is generally subject to a maximum federal income tax rate of 37% (reduced by the TCJA from 39.6%). In addition, the Code generally imposes on certain individuals, trusts, and estates an additional "**Medicare Tax**" of 3.8% on the lesser of (i) "net investment income", or (ii) the excess of modified adjusted gross income over a threshold amount. Prospective Purchasers should consult with their own tax advisors regarding the possible implications of the Medicare tax in light of their individual circumstances.

20% Passthrough Deduction. The TCJA also provides a 20% deduction on a taxpayer's "qualified business income" which sunsets for the taxable year ending December 31, 2025. This deduction, under Code Section 199A, reduces the highest marginal effective tax rate for ordinary income from 37% to 29.6% for income arising from a "qualified trade or business" conducted by a partnership, S corporation, or sole proprietorship. In the case of a partnership or S corporation, Code Section 199A applies at both the entity and individual partner or shareholder level. For taxpayers above certain income thresholds, the "qualified trade or business" must have sufficient amounts of W-2 wages paid or a combined sufficient amount of wages plus the unadjusted basis of certain property (including buildings, but not land).

On January 18, 2019, the IRS announced the release of final regulations providing guidance regarding many of the open issues and technical questions posed with respect to Code Section 199A following passage of the TCJA, including final rules relating to aggregation of certain real estate activities engaged in through multiple partnerships or S corporations, as well as enumerating certain factors relevant for determining real estate trade or business status. In the final regulations, the IRS elected not to apply the grouping rules of Code Section 469; however, the final regulations allow for aggregation of direct and indirectly held real estate businesses provided certain requirements set out in the final regulations are satisfied. Additionally, on January 18, 2019, the IRS announced the release of a related notice, Notice 2019-07, regarding a rental real estate trade or business safe harbor. In the notice, the IRS provided that certain taxpayers who meet the requirements of the notice will be allowed trade or business income treatment from certain "rental real estate enterprises." However, the rental real estate trade or business safe harbor is not available where the property used by the taxpayer is subject to a triple net lease. On September 24, 2019, the IRS issued Revenue Procedure 2019-38 and reaffirmed that real estate rented or leased under a triple net lease may not be included in a "rental real estate enterprise." Further, in Revenue Procedure 2019-38, the IRS defined a "triple net lease" as "a lease agreement that requires the tenant or lessee to pay taxes, fees, and insurance, and to pay for maintenance activities for a property in addition to rent and utilities." The definition of a triple net lease for the purpose of Revenue Procedure 2019-38 may overlap significantly with the Master Lease.

Prospective Purchasers should consult with their own tax advisor regarding the possible application of Code Section 199A to their own particular circumstances.

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Changes to the Section 1031 Exchange Rules Could Have Negative Implications. The U.S. Congress periodically evaluates and the Biden-Harris Administration is currently considering various proposed modifications to the Section 1031 Exchange rules that could, if enacted, prospectively repeal or restrict the ability to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property or beneficial interests in a fixed investment trust. It is possible that repeal or amendment of Code Section 1031 or the Treasury Regulations promulgated thereunder could negatively impact the use of a Section 1031 Exchange in connection with a Beneficial Owner's exit strategy.

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

Status as a True Lease for Federal Income Tax Purposes. Transactions structured as leases may be recharacterized for federal income tax purposes to reflect their economic substance. For example, in appropriate circumstances a purported lease of property may be recharacterized as a sale of the property providing for deferred payments. Such a recharacterization in this context would have significant (and adverse) tax consequences. For example, if the Master Lease were to be recharacterized as a sale of the Property, then a Purchaser would be unable to treat the acquired Interest as qualified "replacement property" in a Section 1031 Exchange in that the Interest would constitute an interest in real property that the Purchaser would not hold for investment. That is, the Purchaser would be treated as having immediately sold the acquired interest in the Property to the Master Tenant with the Master Tenant being treated as purchasing the Property (and all of the interests therein) from the Purchasers in exchange for an installment note for federal income tax purposes. As a result, Purchasers attempting to participate in Section 1031 Exchanges would not be treated as having received qualified replacement property when they acquired their Interest because the Purchaser would be treated as having made a loan to the Master Tenant. As the owner of the Property for federal income tax purposes, the Master Tenant would be entitled to claim any depreciation deductions. To the extent that payments of "rent" were recharacterized as payments of interest and principal, the payment of principal would not be treated as the receipt of taxable income by the Purchasers and would not be deductible by the Master Tenant, as applicable. All of these consequences could have a significant impact on the tax consequences of an investment in an Interest.

Rev. Proc. 2001-28 sets forth advance ruling guidelines for "true lease" status. We have not sought, and do not expect to request, a ruling from the IRS under Revenue Procedure 2001-28. These ruling guidelines provide certain criteria that the IRS will require to be satisfied in order to issue a private letter ruling that a lease is a "true lease" for federal income tax purposes. In the event of an examination by the IRS, the IRS and, ultimately, the courts of applicable jurisdiction, would consider these ruling guidelines, together with existing cases and rulings, for purposes of determining whether a lease qualifies as a true lease for federal income tax purposes. However, Tax Counsel does not believe that strict compliance with Rev. Proc. 2001-28 is required to conclude that the Master Lease should be characterized as a true lease for federal income tax purposes. Rather, Tax Counsel believes that satisfying most of the material ruling guidelines should be sufficient for purposes of determining the characterization of the Master Lease for federal income tax purposes. We will receive an opinion of Tax Counsel that Tax Counsel believes the Master

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Lease satisfies most of the pertinent material conditions set forth in Rev. Proc. 2001-28 and that the Master Lease should be treated as a true lease rather than as a financing for federal income tax purposes. Similarly, if the Master Tenant were treated as a mere agent of the Trust rather than as a lessee, the power of the Master Tenant to make improvements to the Property and to re-lease the Property could be attributed to the Trust, and the Trust could be deemed to have powers prohibited under Rev. Rule 2004-86. We have considered the issue and, after having consulted with Tax Counsel, have concluded that that Master Tenant should not be treated as an agent of the Trust. However, there is no assurance that the IRS would agree with these positions.

Other Tax Consequences

Taxation of the Trust. Tax Counsel has opined that the Trust should be classified as an "investment trust" treated as a "trust" for federal income tax purposes and, further, that the Beneficial Owners should be treated as "grantors" of the Trust. Accordingly, the Trust should not be subject to federal income tax and each Beneficial Owner should be subject to federal income taxation as if he owned directly the portion of the Property proportionate to the Interest owned by the Beneficial Owner and as if he paid directly his share of expenses paid by the Trust.

The following discussion assumes that the Trust is, and the Interests represent interests in, an "investment trust" that is treated as a trust for federal income tax purposes.

Section 467 Rent Allocation. Under the Master Lease, if the Property's cash flow is insufficient to support all operating expenses and Base Rent and Stated Rent payments, the Master Tenant may defer on a month-to-month basis a portion of the Stated Rent payment, but only so long as the amount of Base Rent paid to or on behalf of the Trust is sufficient to fully service the Trust's payment obligations under the Loan Documents. Although the issue is not completely settled under existing law, under Code Section 467, if the Master Tenant were to defer payment of rent the Beneficial Owners may still be required to report and pay tax on rent in accordance with the schedule set forth on Exhibit A to the Master Lease. As a result, Beneficial Owners may be required to recognize rental income even though all of the rent may not be currently paid and, in such circumstances, may have to use funds from other sources to pay tax on such income. In addition, Beneficial Owners may have to recognize imputed interest income on such deferred amounts.

Depreciation and Cost Recovery. Current federal income tax law allows an owner of improved real property to take depreciation deductions based on the entire cost of the depreciable improvements, even though such improvements are financed in part with borrowed funds. If, however, the purchase price of an Interest and the non-recourse liabilities to which a Property is subject are in excess of the fair market value of the Property, a Purchaser will not be entitled to take depreciation deductions to the extent deductions are derived from such excess.

The Code provides separate cost recovery rules for certain "qualified improvement property." Qualified improvement property is any improvement to an interior portion of a building that is non-residential real property if the improvement is placed in service after the date the building itself was first placed in service. Prior to the TCJA, there were three categories of qualified improvement property (qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property) and each was subject to a 15-year recovery period. The TCJA eliminated these categories with the intention of establishing a single 15-year recovery period for all qualified improvement property. However, the Code as it was actually amended does not include this intended 15-year recovery period. As such, the Code as written subjects qualified improvement property to the 39-year recovery period that generally applies to real property. Due to the limitation on expenditures for improvements imposed upon the Trust, the Manager does not anticipate that the Trust will make significant expenditures for "qualified improvement property."

Under the TCJA, up to $1,000,000 of certain improvements made to non-residential real property after the property is first placed in service may be expensed and currently deducted for tax purposes during the taxable years beginning after December 31, 2017 and ending before January 1, 2026 (subject to certain limitations). Due to the limitations on expenditures for improvements imposed on the Trust, the Manager does not anticipate that the Trust will incur a significant amount of any such expenses. The amount of depreciation a Purchaser will be entitled to claim with respect to the Property will depend on the Purchaser's adjusted basis in depreciable assets that are part of the

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Property. A Purchaser who acquires an Interest as part of a Section 1031 Exchange generally will have a "carryover" basis equal to such Purchaser's basis in its relinquished property, decreased by the amount of money (if any) received in the Section 1031 Exchange and not reinvested in like-kind property in accordance with Code Section 1031, and increased by the amount of gain (e.g., taxable boot) and decreased by the amount of loss recognized by the Purchaser in such Section 1031 Exchange. In addition, the Purchaser's basis must be allocated among the depreciable and nondepreciable assets that are part of the Property and special rules apply to the determination of the period and method that must be used to calculate depreciation with respect to property received in a Section 1031 Exchange. Each Purchaser will have to compute his, her or its own cost basis in the Property for tax purposes, including any adjustment to basis as may be required if a Purchaser is buying an Interest in the Trust in order to take advantage of the rules deferring the recognition of gain on real property under Code Section 1031, when computing depreciation allowed with respect to the Property.

Allocation of Liabilities. Any liabilities incurred by a Trust will be allocated, for federal income tax purposes, to the Beneficial Owners pro rata in proportion to their Interests. For purposes of determining the purchase price of replacement property in a Section 1031 Exchange, each Purchaser should be able to include his proportionate share of the liabilities that encumber the Property at the time of the acquisition of an Interest.

Payments to Sponsor and its Affiliates. Sponsor and its affiliates will receive various fees described elsewhere in this Memorandum. The tax treatment of some of these fees is set forth below.

Although each Purchaser should be treated for federal income tax purposes as buying an undivided interest in the Property, it is possible the IRS may take the view that the amount by which the price of an undivided interest exceeds the pro rata share of the price paid by the Trust for the Property is not to be treated as a sale of real estate, but instead as a nondeductible capitalized item.

Real estate brokerage commissions (whether or not paid to affiliates of the Sponsor) will be treated as capitalized expenditures and added to the basis of the Property. Real estate brokerage commissions (whether or not paid to affiliates of the Sponsor) paid upon the sale, exchange or other disposition of the Property will be treated as an adjustment to the sales price.

Possible Adverse Tax Treatment for Closing Costs and Reserves. A portion of the proceeds of the Offering will be used to pay each Purchaser's *pro rata* share of closing costs, expenses, and other costs of the Offering. In addition, a portion of the proceeds of the Offering may be treated as having been used to purchase an interest in reserves established by the Sponsor rather than for real estate. Because the tax treatment of certain expenses of the Offering, closing costs, financing costs or reserves is unclear and may vary depending upon the circumstances, no advice or opinion of Tax Counsel will be given regarding the tax treatment of such costs and the treatment of proceeds attributable to the reserves, which may be taxable to those Purchasers who purchase their Interests as part of a Section 1031 Exchange. Therefore, each prospective Purchaser should seek the advice of a qualified tax advisor as to the proper treatment of such items.

In addition, a portion of the Offering proceeds will be used to fund the Supplemental Trust Reserve. Exchange proceeds used to fund the Supplemental Trust Reserve will not be treated as reinvested in qualifying replacement property for purposes of Code Section 1031. As a result, Purchasers may recognize gain on a Section 1031 Exchange to the extent these contributions are not made from a source other than exchange proceeds. For federal income tax purposes, each Purchaser will be deemed to have funded a pro rata share of the Supplemental Trust Reserve out of the Offering Proceeds in proportion to its Interest regardless of whether the funds paid by the Purchaser to acquire its Interest are used to fund the Supplemental Trust Reserve or redeem the Class 2 Beneficial Interests from the Depositor.

Receipt of Boot. In a Section 1031 Exchange, money received or deemed received in addition to the like-kind property is referred to as "boot." Gain realized on the relinquished property transaction is recognized up to the amount of "boot" received or deemed received. Generally, personal property, amounts used to establish reserves and impounds or other similar items, as well as seller credits, funded out of relinquished property proceeds may not be treated as an interest in real estate in connection with acquiring replacement property and may be treated as "boot."

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Prospective Purchasers should be aware that the IRS may take the position that certain costs, escrows, reserves and impounds, as well as seller credits, paid in connection with the sale of relinquished property and purchase of replacement property may be deemed "boot" and be taxable income to the investor. However, the IRS has provided guidance in Revenue Ruling 72-456, 1972-2 C.B. 468 regarding transactional costs paid by the taxpayer with exchange proceeds. In such ruling the IRS indicated that transactional costs paid by the investor, such as brokerage commissions, can be deducted against transactional costs paid out in connection with the exchange. It is also possible that some of these items considered "boot" and not treated as like-kind amounts may be offset by similar items from a taxpayer's relinquished property transaction, thereby reducing taxable gain recognition.

No opinion of Tax Counsel will be provided with respect to the amount of "boot" in the transaction and no representation or warranty of any kind is made with respect to the tax consequences of a Section 1031 Exchange. Any amounts that are not treated as a like-kind interest in real estate will also result in taxable income to a Purchaser to the extent of such Purchaser's gain. Loan fees, points, loan application fees, mortgage insurance, lender's title insurance, assurance, assumption fees, and other costs related to the acquisition of a loan for the replacement property, such as appraisals, are most likely not exchange expenses and do not reduce realized or recognized gain. These costs generally are treated as part of the costs of obtaining a loan as opposed to costs in obtaining the property. Thus, if these costs are paid with exchange funds, they have the effect of potentially causing taxable "boot" to the investor.

Deductibility of Trust's Fees and Expenses. In computing his or her federal income tax liability, a Purchaser will be entitled to deduct, consistent with his or her method of accounting, the Purchaser's share of reasonable administrative fees, trustee fees and other fees, if any, paid or incurred by the Trust as provided in Code Sections 162 or 212, which may be subject to the limitations applicable to miscellaneous itemized deductions. The TCJA suspended all miscellaneous itemized deductions for taxable years between 2018 and 2025. As such, a Beneficial Owner will not be able to deduct his or her share of such fees paid by the Trust during this period. However, if a Beneficial Owner owns its Interests in connection with a trade or business, Trust fees and expenses may be deductible under Code Section 162. Prospective Purchasers should seek the advice of a qualified tax advisor as to the proper treatment of such items.

Transfer to the Springing LLC. If a Transfer Distribution occurs, the Property will be transferred from the Trust to the Springing LLC and the membership interests in the Springing LLC will be distributed to the Beneficial Owners. It is anticipated that the Manager or its affiliate will serve as the manager of the Springing LLC. The Springing LLC will be treated as a partnership for federal income tax purposes. A Transfer Distribution may occur under the circumstances set forth in the Trust Agreement without regard to the tax consequences that arise as a result of the transaction. Under current law, such a transfer should not be subject to federal income tax pursuant to Code Section 721. The transfer could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that such transfer will not be taxable under the federal income or other tax laws existing at the time the transfer occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of the tax consequences to the Beneficial Owners in the event of a Transfer Distribution. **PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF A TRANSFER DISTRIBUTION AND THE EFFECT OF THE PROPERTY BEING HELD BY THE SPRINGING LLC RATHER THAN THE TRUST.**

***Likely Lack of Deferral of Tax upon Sale of Springing LLC Membership Interests*.** Unlike interests in the Trust, membership interests in the Springing LLC will not be treated as direct ownership interests in real property for federal income tax purposes (including for purposes of a like-kind exchange under Code Section 1031). **THUS, IF THE TRUST TRANSFERS THE PROPERTY TO THE SPRINGING LLC IN A TRANSFER DISTRIBUTION, IT IS UNLIKELY THAT ANY OF THE BENEFICIAL OWNERS WHO RECEIVE MEMBERSHIP INTERESTS IN THE SPRINGING LLC WILL THEREAFTER BE ABLE TO DEFER THE RECOGNITION OF GAIN UNDER CODE SECTION 1031.**

Limitations on Losses and Credits from Passive Activities. Losses from passive trade or business activities generally may not be used to offset "portfolio income," i.e., interest, dividends and royalties, or salary or other active business income. Deductions from passive activities may generally be used to offset income from passive activities. Interest deductions attributable to passive activities are treated as passive activity deductions, and not as investment

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interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include: (i) trade or business activities in which the taxpayer does not materially participate, and (ii) rental activities. Thus, a Purchaser's share of the Property's income and loss will, in all likelihood, constitute income and loss from passive activities and will be subject to such limitation.

Losses (or credits that exceed the regular tax allocable to passive activities) from passive activities that exceed passive activity income are disallowed and can be carried forward and treated as deductions and credits from passive activities in subsequent taxable years. Disallowed losses from an activity, except for certain dispositions to related parties, are allowed in full when the taxpayer disposes of his, her, or its entire interest in the activity in a taxable transaction.

In the case of rental real estate activities in which an individual actively participates, up to $25,000 of losses (and credits in a deduction-equivalent sense) from all such activities are allowed each year against portfolio income and salary and active business income of the taxpayer. Except as provided below with respect to "real estate professionals," Purchasers will not, in all likelihood, be actively participating in the Property's rental real estate activities, and therefore will not be able to deduct any loss against their portfolio or active business income. Moreover, even if a Purchaser actively participates in rental real estate activities, there is a phase out of the $25,000 allowable loss equal to 50% of the amount by which a Purchaser's adjusted gross revenue exceeds $100,000. Therefore, if a Purchaser's adjusted gross income is $150,000 or more for any given year, he, she, or it cannot use any of the $25,000 passive losses to offset non-passive income under this rule.

Certain taxpayers can, in limited circumstances, deduct losses and credits from rental real estate activities against other income, such as salaries, interest, dividends, etc. A taxpayer qualifies for this exception to the passive loss rules described above if: (i) more than half of the personal services performed by the taxpayer in trades or businesses during a year are performed in real property trades or businesses in which the taxpayer materially participates, (ii) the taxpayer performs more than 750 hours of services during the year in real property trades or businesses in which the taxpayer materially participates, and (iii) the taxpayer elects to treat all interest in rental real estate as a single activity. Code Section 469(c) provides that a qualifying real estate professional must establish material participation in each separate rental activity. However, an exception allows a qualifying real estate professional to elect to aggregate all interests in rental real estate for purposes of measuring material participation. In the case of a joint return, one spouse must satisfy both requirements. In the case of a joint return, one spouse must satisfy both requirements. A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business. In determining whether a taxpayer performs more than half of his, her, or its personal services in real property trades or businesses, services performed as an employee are disregarded unless the employee owns more than 5% of the employer. Purchasers should consult with their own tax advisor to determine if this rule applies to them.

Limitation on Excess Business Loss Deduction. Under the TCJA, excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such losses are carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. The threshold amount, which is indexed for inflation, was $250,000 (or twice the applicable threshold amount in the case of a joint return) for 2018. The provision applies after the application of the passive loss rules, and applies at the partner or shareholder level in the case of a partnership or S corporation. Each prospective Purchaser should seek advice, based on his, her, or its particular circumstances, from an independent tax advisor.

Net Income and Loss of Each Purchaser. Each Purchaser will be required to determine his or her own net income or loss from the Property and the Trust for income tax purposes. Each Purchaser will be required to pay his share of expenses of the Property and the Trust, and will be entitled to his or her share of income therefrom. Certain expenses, such as depreciation, will be different for different Purchasers. The Manager will keep or otherwise engage a third party recordkeeping service provider to manage the records and provide information about expenses and

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income of the Property and the Trust for each Purchaser. A Purchaser, however, will be required to keep separate records to separately report his income.

Any gain or loss realized on the sale or exchange of an Interest will generally be treated as capital gain or loss, provided the seller is not deemed a "dealer" in real property. As a general rule, the holding of interests in real property for investment is not the type of activity that would cause a person or entity to be considered a "dealer" in real property. The question of "dealer" status is a question of fact, will depend on all of the facts and circumstances and will be determined at the time of a sale. If a Purchaser is deemed a "dealer" and his Interest is not considered either a capital asset or real property held by Purchaser for more than one year and used by Purchaser in a trade or business under Code Section 1231 ("**Section 1231 Real Property**") any gain or loss on the sale or other disposition of the Interest would be treated as ordinary income or loss. However, regardless of whether the selling Purchaser is a "dealer," any portion of the gain that is attributable to unrealized receivables, depreciation recapture or inventory items will generally be treated as ordinary income. In general, if an Interest is a capital asset, any profit or loss realized on its sale or exchange (or the sale of the Property) (except to the extent that such profit represents gain attributable to unrealized receivables or depreciation recapture taxable as ordinary income or at a 25% federal tax rate) will be treated as capital gain or loss under the Code. Any such capital gain attributable to an asset held more than 12 months will generally be taxed to individuals at the highest applicable long-term capital gain tax rate.

In determining the amount realized on the sale or exchange of an Interest or the Property, a Purchaser must include, among other things, the Purchaser's share of assumed indebtedness on the Property. Therefore, it is possible that the gain realized upon the sale of an Interest or the Property may exceed the cash proceeds of the sale, and, in some cases, the income taxes payable with respect to the gain realized on the sale may exceed such cash proceeds. If assets sold or involuntarily converted constitute Code Section 1231 assets, gain or loss attributable to such assets would be combined with any other Code Section 1231 gains or losses realized by the Purchaser in that year, and the resulting net Code Section 1231 gains or losses would be taxed as capital gains or constitute ordinary losses, as the case may be. This treatment may be altered depending on the disposition of Code Section 1231 property over several years. In general, net Code Section 1231 gains are recaptured as ordinary income to the extent of net Code Section 1231 losses in the five preceding taxable years.

Treatment of Gifts of Interests. Generally, no gain or loss is recognized for federal income tax purposes as a result of a gift of property. However, if a gift (including a charitable contribution) of an Interest is made at a time when the Purchaser's share of the Property's non-recourse indebtedness exceeds the adjusted basis of the Purchaser in its Interest, the Purchaser may recognize gain for income tax purposes upon the transfer. Such gain, if any, will generally be treated as capital gain. Gifts of Interests may also be subject to a gift tax imposed under the rules generally applicable to all gifts of property.

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

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

Tax Elections. The Sponsor will attempt to structure the Interests so that they will be treated as interests in an investment trust and not as interests in a partnership. As a result, the Purchasers will be required to make any

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applicable tax elections. However, if the Purchasers were treated as partners in a partnership, applicable elections would have to be made by the partnership. No mechanism is provided for the Trust to make any such elections.

Method of Accounting. A Purchaser will be required to report income under the Purchaser's applicable accounting method.

Alternative Minimum Tax. Taxpayers may be subject to the alternative minimum tax in lieu of the regular federal income tax. The alternative minimum tax applies to the taxable income increased by designated tax preferences. Each Purchaser should consult with his or her tax advisor concerning the impact, if any, of the alternative minimum tax on the Purchaser.

The Medicare Tax. Income and gain from passive activities may be subject to the Medicare Tax. Certain Purchasers who are U.S. individuals are subject to the Medicare Tax, an additional 3.8% tax on their "net investment income" and certain estate and trusts are subject to an additional 3.8% tax on their undistributed "net investment income." 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 Purchasers should consult their tax advisors with respect to the tax consequences to them of the rules described above.

Activities Not Engaged in for Profit. Under Code Section 183, certain losses from activities not engaged in for profit are not allowed as deductions from other income. The determination of whether an activity is engaged in for profit is based on all the facts and circumstances, and no one factor is determinative, although the Treasury Regulations indicate that an expectation of profit from the disposition of property will qualify as a profit motive. Code Section 183 has a presumption that an activity is engaged in for profit if income exceeds deductions in at least three out of five consecutive years. Although it is reasonable for a Purchaser to conclude that the Purchaser can realize a profit from an investment in an Interest as a result of cash flow and appreciation of the Property, there can be no assurance that a Purchaser will be found to be engaged in an activity for profit because the applicable test is based on the facts and circumstances existing from time to time.

Limitation on Losses under the At-Risk Rules. A Purchaser that is an individual or closely held corporation will be unable to deduct losses from the Property, if any, to the extent such losses exceed the amount such Purchaser is "at risk." A Purchaser's initial amount at risk will generally equal the sum of (1) the amount of cash paid for the Interest, (2) the amount, if any, of recourse financing obtained by the Purchaser to acquire its Interest, and (3) the amount of any qualified non-recourse indebtedness encumbering the Property. A Purchaser's amount at risk will be reduced by the amount of any cash flow to such Purchaser and the amount of the Purchaser's loss, and will be increased by the amount of the Purchaser's income from the activity. Losses not allowed under the at-risk provisions may be carried forward to subsequent taxable years and used when the amount at risk increases. Tax Counsel will issue no opinion concerning the application of the at-risk rules to owners of Interests.

General Limitations on the Deductibility of Interest. In addition to the limitations on the deductibility of interest incurred in connection with passive activities, and the "at-risk" rules, the following are additional restrictions on the deduction of interest:

Capitalized Interest. Interest on debt incurred to finance construction of real property is not currently deductible and must be capitalized as part of the cost of the real property.

Interest Incurred to Carry Tax-Exempt Securities. Code Section 265(a)(2) disallows any deductions for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of buying or carrying tax-exempt obligations. The application of Code Section 265(a)(2) turns on each Purchaser's purpose for acquiring an Interest. Thus, Code Section 265(a)(2) might be applied to a Purchaser whose purpose for investing in an Interest rather than in a nonleveraged investment is to enable such Purchaser to continue to carry tax-exempt obligations. It should be noted that Code Section 7701(f) directs the IRS to prescribe regulations as may be necessary or appropriate to prevent the avoidance of provisions of the Code that deal with the linking of borrowings to investments through the use of related persons, pass-through entities or other intermediaries. Therefore, the provisions of Code Section 265(a)(2) may be applied to a Purchaser if the Purchaser does not himself or herself own tax-exempt obligations or stock of a

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regulated investment company that distributes exempt interest dividends but rather such obligations or stock are owned by a person, entity or other intermediary related to the Purchaser.

Prepaid Interest. Interest prepayments (including "points") must be capitalized and amortized over the life of the loan with respect to which they are paid.

Limitation on Business Interest Deductions.

Under the TCJA, Code Section 163(j) limits annual deductions for "business interest" expense to the sum of business interest income plus 30% of "adjusted taxable income" (plus certain motor vehicle floor plan financing interest of the taxpayer). Business interest in excess of the allowed current deduction may be carried forward indefinitely. The adjusted taxable income or ATI of a taxpayer means taxable income computed without regard to any item not properly allocable to a trade or business, any business interest income or expense, any net operating loss deduction, for taxable years beginning prior to 2022 any depreciation amortization or depletion deduction, and certain other items. Certain small businesses (in general, where the average annual gross receipts of the taxpayer for the three-year period ending with the prior taxable year do not exceed $25 million) are exempt from the foregoing rule. In the case of a partnership, the rule is applied at the partnership level. The 2021 Final 163(j) Regulations clarified how taxpayers determine their ATI. Taxpayers generally determine their ATI by starting with "tentative taxable income" and applying additions and subtractions as specified in the existing Treasury Regulations consistent with the statute. One of the adjustments is the DD&A. To prevent a double benefit in ATI, the existing Treasury Regulations provided a subtraction to tentative taxable income upon the sale or disposition of depreciable property that is equal to the greater of the DD&A allowed or allowable with respect to the property. The 2021 Final 163(j) Regulations provide taxpayers the option of an alternative method in determining such subtraction where it may be computed as the lesser of: (1) any gain recognized on the sale or disposition of such property, or (2) any DD&A with respect to such property.

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. For this purpose, a trade or business does not include the trade or business of performing services as an employee or any electing real property trade or business (or any electing farming business or certain regulated utility businesses). A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business.

To take advantage of this exception, a taxpayer must make an irrevocable election to be excluded from Code Section 163(j) and forego or limit certain other tax benefits. An electing real property trade or business is required to use the ADS for any nonresidential real property (which would then be depreciable by the straight line method over 40 years) or residential rental property (which would then be depreciable by the straight line method over 30 years), or for certain improvements to an interior portion of a building which is nonresidential real property (which would then be depreciable by the straight line method over 20 years). Each prospective Purchaser should consult with his, her, or its tax advisor concerning the possible application of Code Section 163(j) to his, her, or its particular circumstances.

On November 26, 2018, Treasury and IRS released an extensive set of proposed regulations under Code Section 163(j) which provide some guidance on certain open issues under Code Section 163(j) as revised by the TCJA. For example, the definition of "interest" has been expanded to include income and deductions from many items that have time-value components not treated as interest with respect to domestic taxpayers in the past. Further, adjusted taxable income is determined at the partnership level and to the extent the partnership has excess taxable income, the excess taxable income is allocated to the partners and used in determining each partner's adjusted taxable income. Finally, proposed regulations include proposed amendments to provide rules relating to the definition of a "real property trade or business" under Code Section 469(c)(7)(C) that is eligible to make the election discussed above. The proposed regulations define terms such as "real property," "real property operation," and "real property management," but reserve on the other categories of businesses that qualify as real property trades or businesses under Code Section 469(c)(7)(C). The preamble to the proposed regulations indicates that the categories of real property trades or businesses under Code Section 469(c)(7)(C) may be defined to not include trades or businesses that generally do not play a significant role in the creation, acquisition, or management of rental real estate.

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On July 28, 2020, the Department of Treasury and the IRS finalized the 2018 proposed regulations with some changes and released a new set of proposed regulations under Code Section 163(j). The final regulations under Code Section 163(j), among other things: (1) provide that the amount of any depreciation, amortization or depletion that is capitalized into inventory under Code Section 263A during taxable years beginning before January 2022 is added back to tentative taxable income when calculating ATI for that taxable year, regardless of the period in which the capitalized amount is recovered through cost of goods sold, and (2) remove certain items from the definition of "interest" such as debt issuance costs, guaranteed payments for the use of capital, hedging income and expense, commitment fees and other fees paid in connection with lending transaction. In addition, the new proposed regulations define terms such as "real property development" and "real property redevelopment" for purposes of Code Section 469(c)(7)(C).

The final regulations are effective on July 28, 2020. Taxpayers are not bound by the proposed regulations under Code Section 163(j), but taxpayers and related parties (determined under Code Sections 267(b) and 707(b)(1)) generally have the discretion to apply these proposed regulations retroactively to a taxable year beginning after December 31, 2017, but must apply such rules on a consistent basis. The retroactive application would be binding on the taxpayer and all its related parties. Taxpayers cannot "pick and choose" which provisions of the proposed regulations they want to apply retroactively because the proposed regulations require that to make an election, the taxpayer must consistently apply all of the Treasury Regulations under Code Section 163(j). Each prospective Purchaser should consult with his, her, or its tax advisor concerning whether the retroactive application of the proposed regulations would be advantageous to his, her, or its particular circumstances. Further, each prospective Purchaser should be aware that the proposed regulations under Code Section 163(j) are subject to comment and change until finalized.

Tax Liability in Excess of Cash Distributions. It is possible that a Purchaser's tax liability resulting from its Interest will exceed its share of cash distributions from the Trust. This may occur, for example, because cash flow from a Property may be used to fund nondeductible operating or capital expenses of such Property or reserves. In addition, as discussed above, in the event the Master Tenant elects to defer payments of rent, Purchasers may be required to recognize rental income in a year prior to the year in which such rental income is actually paid. See "*Section 467 Rent Allocation*" above. Thus, there may be years in which a Purchaser's tax liability exceeds its share of cash distributions from the Trust, in which case a Purchaser would have to use funds from other sources to satisfy its tax liability. The same tax consequences may result from a sale or transfer of an Interest, whether voluntary or involuntary, that gives rise to ordinary income or capital gain.

Accuracy-Related Penalties and Penalties for the Failure to Disclose. The Code provides that penalties are applied to any portion of any understatement that was attributable to: (i) negligence or disregard of rules or regulations; (ii) any substantial understatement of income tax; or (iii) any substantial valuation misstatement. A 20% accuracy-related penalty is imposed on (i) listed or (ii) reportable transactions having a significant tax avoidance purpose. This penalty is increased to 30% if the transaction is not properly disclosed on the taxpayer's federal income tax return. Failure to disclose such a transaction can also prevent the applicable statute of limitations from running in certain circumstances and can subject the taxpayer to additional disclosure penalties ranging from $10,000 to $200,000, depending on the facts of the transaction. Any interest attributable to unpaid taxes associated with a non-disclosed reportable transaction may not be deductible for federal income tax purposes.

Negligence is generally any failure to make a reasonable attempt to comply with the provisions of the Code and the term "disregard" includes careless, reckless, or intentional disregard.

A substantial understatement of income tax generally occurs if the amount of the understatement for the taxable year exceeds the greater of (i) 10% of the tax required to be shown on the return for the taxable year, or (ii) $5,000 ($10,000 in the case of a C corporation). Under the TCJA, the 10% threshold is reduced to 5% for taxpayers claiming the deduction for "qualified business income" under Code Section 199A.

A substantial valuation misstatement occurs if the value of any property (or the adjusted basis) is 150% or more of the amount determined to be the correct valuation or adjusted basis. The penalty doubles if the property's valuation is misstated by 200% or more. No penalty will be imposed unless the underpayment attributable to the substantial valuation misstatement exceeds $5,000 ($10,000 in the case of a C corporation).

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The term reportable transaction means any transaction with respect to which information is required to be included with a return or statement because, as determined under regulations prescribed under Code Section 6011, such transaction is of a type which the IRS determines as having a potential for tax avoidance or evasion.

The term listed transaction means a reportable transaction which is the same as, or substantially similar to, a transaction specifically identified by the IRS as a tax avoidance transaction for purposes of Code Section 6011.

Except with respect to "tax shelters," an accuracy-related penalty will not be imposed on an underpayment attributable to negligence, a substantial understatement of income tax, or a substantial valuation misstatement if it is shown that there was a reasonable cause for the underpayment and the taxpayer acted in good faith. A "tax shelter" includes a partnership if a significant purpose of the partnership is the avoidance or evasion of tax. In addition, an accuracy-related penalty will not be imposed on a reportable transaction or a listed transaction if it is shown that: (i) there is reasonable cause for the position, (ii) the taxpayer acted in good faith, (iii) the relevant facts of the transaction are adequately disclosed in accordance with the regulations prescribed under Code Section 6011, (iv) there is or was substantial authority for such treatment, and (v) the taxpayer reasonably believed that such treatment was more likely than not correct.

Reportable Transaction Disclosure and List Maintenance. A taxpayer's ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter is limited. In addition, taxpayers and material advisors must comply with disclosure and list maintenance requirements for reportable transactions. Sponsor and Tax Counsel have concluded that the sale of an Interest should not constitute a reportable transaction.

Accordingly, the Sponsor and Tax Counsel do not intend to make any filings pursuant to these disclosure or list maintenance requirements. There can be no assurances that the IRS will agree with this determination by the Sponsor and Tax Counsel. Significant penalties could apply if a party fails to comply with these rules, and such rules are ultimately determined to be applicable.

Codification of Economic Substance Doctrine (Code Section 7701(o)). In 2010, Congress codified the existing "economic substance doctrine" creating a new penalty equal to 20% of the portion of any underpayment attributable to the fact that a transaction lacks economic substance. The penalty increases to 40% if the transaction is not adequately disclosed and is imposed on a strict liability basis (i.e., the taxpayer may not avoid the penalty by demonstrating that their position was supported by substantial authority or that the taxpayer reasonably relied on advice from a tax advisor). The economic substance doctrine applies only if it is relevant to a transaction and determination of whether the economic substance doctrine is relevant to a transaction shall be made in the same manner as if the doctrine had never been codified. In the case of any transaction to which the economic substance doctrine is relevant, the transaction is treated as having economic substance if (1) the transaction changes in a meaningful way (apart from Federal income tax effects) the taxpayer's economic position, and (2) the taxpayer has a substantial purpose (apart from Federal income tax effects) for entering into such transaction. In rendering its opinion, Tax Counsel has concluded that the economic substance doctrine should not apply and should not alter the tax consequences described in this opinion. There can be no assurance, however, that the IRS would agree.

State and Local Taxes. In addition to the federal income tax consequences described above, each prospective Purchaser should consider the state tax consequences of an investment in an Interest. A Purchaser's share of income or loss generally will be required to be included in determining its reportable income for state and local tax purposes. Under the TCJA, individual or married filers cannot deduct more than $10,000 of combined state and local income and property taxes annually for taxable years beginning after December 31, 2017 and ending before January 1, 2026. Taxes attributable to income earned from the Interests should count towards the $10,000 limitation. A prospective Purchaser must seek the advice of its own independent tax advisor as to state and local tax issues.

Prospective Purchasers should note that a number of issues discussed in this Memorandum have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be

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forthcoming that would significantly alter or modify the conclusions expressed herein. Each Purchaser must consult its own tax counsel about the tax consequences of an investment in an Interest.

The opinion and discussion are written to support the promotion or marketing of a particular transaction, and each Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor.

Baker & McKenzie LLP ("Tax Counsel") has acted solely as federal income tax counsel, securities counsel and finance co-counsel with respect to the Offering, and has not acted as real estate counsel or in any other capacity with respect to the Offering. Tax Counsel's tax opinion and advice to the Sponsor relates solely to federal income tax issues, and does not include advice on state or local income tax issues, property taxes, transfer taxes, stamp duty, lease tax or other non-income taxes, or any other non-tax issues. Tax Counsel does not represent the prospective Purchasers. Prospective Purchasers seeking legal advice should retain their own counsel, consult their own advisors about an investment in the Interests and conduct any due diligence they deem appropriate to verify the accuracy of the representations or information in this Memorandum.

Please note that any discussions of federal income tax matters set forth in this Memorandum have been written solely to support the marketing of the Interests. All prospective Purchasers must consult their own independent legal, tax, accounting and financial advisors regarding the federal income tax consequences of investing in the Interests in the context of their own particular circumstances, and must represent that they have done so as a condition to investing in the Interests.

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PLAN OF DISTRIBUTION

General

Subject to the terms and conditions set forth in this Memorandum and the Trust Agreement, the Trust is offering a maximum of $42,387,253 of Interests (i.e., the Maximum Offering Amount), representing 99% of the outstanding beneficial ownership interests in the Trust. Each Purchaser must pay cash for its Interests. The Interests may be purchased only by prospective Purchasers who satisfy the investor suitability requirements. See "*Who May Invest*."

Marketing of Interests

The Trust will offer the Interests on a "best efforts" basis through the Managing Broker-Dealer and through other Selling Group Members.

The Managing Broker-Dealer will receive Sales Commissions of up to 6.0% of Total Sales, which it will re-allow to the Selling Group Members; provided, however, in the event a commission rate lower than 6.0% is negotiated with a Selling Group Member, the Managing Broker-Dealer will receive the lower agreed upon rate. In addition, the Managing Broker-Dealer will receive, on a non-accountable basis, and will re-allow to the Selling Group Members on a non-accountable basis, allowances for marketing and due diligence expenses of up to 1.25% of Total Sales. The Managing Broker-Dealer will also receive a Managing Broker-Dealer Fee of up to 1.4% of Total Sales, which it may at its sole discretion partially re-allow to the Selling Group Members. The total aggregate amount of Sales Commissions, Marketing/Due Diligence Expense Allowances and Managing Broker-Dealer Fee will not exceed 8.65% of Total Sales. See "*Estimated Use of Proceeds.*"

The Trust may, in its discretion, accept purchases of Interests net of all or a portion of the Sales Commissions otherwise payable from Purchasers purchasing through an RIA with whom the Purchaser has agreed to pay a fee for investment advisory services in lieu of commissions, and affiliates of the Trust, including the Sponsor, may purchase the Interests net of Sales Commissions and the Marketing/Due Diligence Expense Allowances. Further, a portion of the Sales Commissions payable from Purchasers purchasing through certain RIAs may be paid to the member firm that assist in the facilitation of such purchase including, without limitation, through the use of an online portal.

The Trust, the Sponsor, or other persons related to or affiliated with them, or other broker-dealers may purchase Interests on the same terms and conditions as any other Purchaser. Any such Purchaser may subsequently transfer Interests so acquired by them on the same terms and conditions as any other Purchaser.

The Trust and each broker-dealer participating in an Offering will agree to indemnify each other against certain liabilities including liabilities under the Securities Act or the Exchange Act, as amended, and state securities laws.

The Trust reserves the unconditional right to terminate or modify the Offering, to reject purchases of Interests in whole or in part, to waive conditions to the purchase of Interests and to allow purchases of less than the minimum purchase amount.

Subscription Period

The Trust may hold the Initial Closing at any time after one or more subscriptions for Interests have been accepted by the Trust. Following the Initial Closing, the remaining Interests will continue to be sold and closings may from time to time be conducted with respect to additional Interests sold until the Offering Termination Date, which is the earlier of (i) the date on which the Maximum Offering Amount of Interests is sold or (ii) January 31, 2022. The Sponsor may, however, extend the Offering in its absolute and sole discretion. There is no assurance that all of the Interests will be sold.

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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 Securities and Exchange Commission 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 Bluerock and the Managing Broker-Dealer 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.

Concorde Investment Services, LLC. Concorde Investment Services, LLC ("**Concorde**"), a Placement Agent involved in the Offering, has notified the Managing General Partner and the Managing Dealer pursuant to a contractual covenant in the selling agreement for the Offering, that it has determined that one of its registered representatives is subject to a final order of a state securities commission fulfilling the circumstances defined in Rule 506(d)(iii)(B), which is summarized as follows:

- On January 22, 2013, Thomas Fanning, a registered representative ("**CR**") currently associated with Concorde was temporarily suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for an act or omission to act constituting conduct inconsistent with just and equitable principles of trade until March 21, 2013. Without consenting or denying the findings, the CR was temporarily suspended for violating FINRA/NASD Rules 2010, 2110, and 2370 and actions contrary to the former broker dealer's written procedures.

WHO MAY INVEST

We will offer and sell the Interests in reliance on an exemption from the registration requirements of the Securities Act and state securities laws. Accordingly, distribution of this Memorandum has been strictly limited to persons who meet the requirements and make the representations set forth below. We reserve the right, in our sole discretion, to reject any subscription based on any information that may become known or available to us about the suitability of a prospective Purchaser or for any other reason.

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 in this investment. Only Purchasers who (i) purchase the minimum Interest amount as set forth in this Memorandum, and (ii) represent in writing that they meet the investor suitability requirements set by us and as may be required under federal or state law, may acquire Interests. The written representations you make will be reviewed to determine your suitability.

The investor suitability requirements stated below represent minimum suitability requirements established by the Sponsor for Purchasers of the Interests. However, your satisfaction of these requirements will not necessarily mean that the Interests are a suitable investment for you, or that we will accept you as a Purchaser of Interests. Furthermore, we may modify such requirements in our sole discretion, and such modifications may raise the suitability requirements for Purchasers.

You must represent in writing that you meet, among others, all of the following requirements:

(a) You have received, read and fully understand this Memorandum and are basing your decision to invest on the information contained in this Memorandum. You have relied only on the information contained in this Memorandum and have not relied on any representations made by any other person;

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(b) You understand that an investment in the Interests is highly speculative and involves substantial risks and you are fully cognizant of and understand all of the risks relating to an investment in the Interests, including those risks discussed in the "*Risk Factors*" section of this Memorandum;

(c) Your overall commitment to investments that are not readily marketable is not disproportionate to your individual net worth, and your investment in the Interests will not cause such overall commitment to become excessive;

(d) You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in this investment;

(e) You can bear and are willing to accept the economic risk of losing your entire investment in the Interests;

(f) You are acquiring the Interests for your own account and for investment purposes only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Interests;

(g) You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits of investing in the Interests and have the ability to protect your own interests in connection with such investment;

(h) You are an Accredited Investor as defined in Rule 501(a) of Regulation D under the Securities Act.

For purposes of the foregoing, an Accredited Investor means any:

- Natural person that is: (1) an individual who has a net worth, or a joint net worth with his or her spouse (or spousal equivalent), of more than $1,000,000, or individual income in excess of $200,000, or joint income with his or her spouse (or spousal equivalent) 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 (2) an individual who is licensed and in good standing as a (a) General Securities Representative (Series 7), (b) Licensed Investment Adviser Representative (Series 65), or (c) Licensed Private Securities Offerings Representative (Series 82) or (3) a "knowledgeable employee" as defined under the Investment Company Act of 1940, of the Trust or the Trustee or an affiliated management person such as the Sponsor;
- Corporation, Massachusetts or similar business trust, partnership, limited liability company, Indian tribe, labor union, governmental body or fund, or organization described in Code Section 501(c)(3), not formed for the specific purpose of acquiring Interests, with total assets over $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 as described in Rule 506(b)(2)(ii) under the Securities Act;
- Broker-dealer registered under Section 15 of the Exchange Act, as amended;
- Purchaser is either: (1) registered with the United States Securities and Exchange Commission as an investment adviser or an exempt reporting adviser under Section 203 of the Advisers Act; or (2) registered as an investment adviser or equivalent under the laws of any state of the United States of America.
- Investment company registered under the Investment Company Act of 1940 (the "**Investment Company Act**") or a business development company (as defined in Section 2(a)(48) of the Investment Company Act);

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- Purchaser is a "rural business investment company" as defined in Section 384A of the Consolidated Farm and Rural Development Act, as amended.
- Small business investment company licensed by the Small Business Administration under Section 301(c) or (d) or 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);
- Purchaser is a "family office" or "family client" (each as defined in Rule 202(a)(11)(G)-1 of the Advisers Act) that (1) has at least $5,000,000 in assets under management; (2) was not formed for the specific purpose of acquiring the securities offered; and (3) is directed by a person who has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of purchasing Interests.
- 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;
- Plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets of more than $5,000,000;
- One of the executive officers of the Manager; or
- Entity in which all of the equity owners are Accredited Investors; and

(i) Neither you nor any subsidiary, affiliate, owner, shareholder, partner, member, indemnitor, guarantor or related person or entity:

(i) is a Sanctioned Person (defined below);

(ii) has more than 15% of its assets in Sanctioned Countries (defined below); or

(iii) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries.

For purposes of the foregoing, a "**Sanctioned Person**" means:

(X) a person named on the list of "specially designated nationals" or "blocked persons" maintained by the U.S. Office of Foreign Assets Control ("**OFAC**") at *http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx*, or as otherwise published from time to time, or

(Y) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

For purposes of the foregoing, a "**Sanctioned Country**" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at *http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx*, or as otherwise published from time to time.

For purposes of calculating your net worth, "net worth" means the excess of total assets at fair market value

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(including personal and real property, but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the securities were purchased, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of securities for the purpose of investing in the securities. In the case of fiduciary accounts, the net worth and/or income suitability requirements must be satisfied by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Interests.

Investment Not Suitable For Certain Persons and Entities

Interests are not suitable investments for (i) an employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA") that is subject to the fiduciary responsibility provisions of Title I of ERISA (a "plan"), or a plan within the meaning of Code Section 4975(e)(1) that is subject to Code Section 4975 (also, a "plan"), including a qualified plan (any pension, profit sharing or stock bonus plan that is qualified under Code Section 401(a)) or an individual retirement account, (ii) any person that is directly or indirectly acquiring the Interest on behalf of, as investment manager of, as fiduciary of, as trustee of, or with assets of a plan (including any insurance company using assets in its general or separate account that may constitute assets of a plan), (iii) any other tax-exempt entity, or (iv) a foreign person. Therefore, this Memorandum does not discuss the risks that may be associated with an investment in an Interest by such plans, accounts, persons, entities or by a foreign person.

IF YOU DO NOT MEET THE REQUIREMENTS DESCRIBED ABOVE, IMMEDIATELY RETURN THIS MEMORANDUM TO US OR THE APPLICABLE SELLING GROUP MEMBER. IN THE EVENT YOU DO NOT MEET SUCH REQUIREMENTS, THIS MEMORANDUM WILL NOT CONSTITUTE AN OFFER TO SELL INTERESTS TO YOU.

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METHOD OF PURCHASE

If you are an "Accredited Investor" and, after carefully reading the entire Memorandum, would like to purchase an Interest, you must follow the procedures described below and in the Purchase Agreement.

To purchase an Interest, you must initially complete, execute and deliver to the Managing Broker-Dealer or your broker-dealer the Purchase Agreement attached hereto as Exhibit E, and other documents described in the Purchase Agreement. You will also be asked to confirm the availability of funds to you in the full amount of the purchase price for your Interests.

Upon receipt of the signed Purchase Agreement and verification of your investment qualifications, the Trust will decide whether to accept your investment. If, after review of your suitability, the Trust accepts your offer to purchase Interests, the Trust will send you various due diligence documents and closing documents for your review and/or execution.

A prospective Purchaser's Purchase Agreement will be terminated and his, her or its check or wired funds, if any, will be fully refunded by the Trust if (i) the conditions to closing set forth in the Purchase Agreement are not satisfied, or (ii) a prospective Purchaser is not accepted by the Trust. The Trust may accept or reject a prospective Purchaser's Purchase Agreement in its sole discretion. If the Trust does not accept a Purchase Agreement within 30 days of its submission then it will be deemed rejected. In the event your Purchase Agreement is rejected, the full amount of any check or wired funds you have sent will be returned to you.

LITIGATION

The Sponsor and affiliates are subject to litigation from time to time, but in the opinion of the Sponsor, there are no actions pending against the Sponsor or its affiliates or their respective management members, or, to the knowledge of the Manager and the Sponsor, contemplated, that, based on facts and circumstances, are expected to have a material adverse effect on the Trust, the Manager, the Sponsor or the Property, their financial condition or their operations.

OTHER DOCUMENTS

Copies of the documents referred to in this Memorandum or otherwise related to the Offering may be inspected at our office as set forth on the cover page hereof or upon your written request. The Purchase Agreement, and the Trust Agreement as delivered are incorporated herein by reference.

REPORTS

The Trust will prepare and send to each Beneficial Owner's unaudited quarterly financial and operational reports and an annual report containing a cash basis audited trust-level year-end balance sheet and income statement. In addition, the Trust shall send to each Purchaser such tax information as may be necessary for the preparation of the Beneficial Owner's tax returns. See "*Reports*."

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EXHIBIT A
MASTER LEASE

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MASTER LEASE AGREEMENT

BETWEEN

BR 79 WEST, DST, a Delaware Statutory Trust

AS LANDLORD,

AND

BR 79 WEST LEASECO, LLC, a Delaware Limited Liability Company

AS MASTER TENANT

DATED AS OF JANUARY 13, 2022

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EXHIBITS

EXHIBIT A – RENT
EXHIBIT B – LAND – LEGAL DESCRIPTION

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MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT, made as of this 13th day of January, 2022 ("Agreement"), by and between BR 79 West, DST, a Delaware statutory trust ("Landlord"), and BR 79 West Leaseco, LLC, a Delaware limited liability company ("Master Tenant").

1. **Definitions.**

"Additional Rent" shall have the meaning set forth in Section 4.1(b).

"Additional Rent Breakpoint" shall be the amounts as set forth on Exhibit A hereto under the heading Gross Revenue Additional Rent Breakpoint.

"Agreement" shall mean this Master Lease Agreement, as amended.

"Annual Note Payments" shall have the meaning set forth on Exhibit A hereto.

"Asset Management Fee" means the Asset Management Fee under the Management Agreement payable to, and to be retained by, Bluerock Property Management, LLC.

"Bankruptcy Code" has the meaning set forth in Section 19.9.

"Base Rent" shall have the meaning set forth in Section 4.1(a).

"Base Term" means a term beginning on the Commencement Date and expiring on April 30, 2032.

"Capital Expenditures" means any improvements, replacements or material repairs with respect to or relating to the Project which are properly capitalized (rather than expensed) in accordance with generally accepted accounting principles ("GAAP").

"Capital Improvements" means the Capital Expenditures, but excluding Landlord Capital Improvements.

"Commencement Date" means the date of this Agreement.

"Condemnation Proceeding" means any action or proceeding brought by competent authority for the purpose of any taking of the fee of the Project, including the Improvements, or any part thereof or estate therein as a result of the exercise of the power of eminent domain, including, but not limited to, a voluntary conveyance to such authority either under threat of or in lieu of condemnation or while such action or proceeding is pending.

"Damages" has the meaning set forth in Section 16.1.

"Default" has the meaning set forth in Section 20.1, after giving effect to all applicable notice and cure periods.

"Default Rate" means the lesser of (i) the sum of 3% and the published Long Term Applicable Federal Rate (as defined herein) published in the month in which the applicable default occurred, or (ii) the highest interest rate per annum, permitted under the laws of the state in which the Project is located, or under federal law, to the extent applicable.

"DST" shall mean (i) a Delaware Statutory Trust as such term is defined under Delaware law, and (ii) an "investment trust" as defined in Treas. Reg. §301.7701-4(c).

"Excess Uncontrollable Costs" has the meaning set forth in Section 4.5.

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"Existing Obligations" has the meaning set forth in Section 3.3.

"Gross Revenues" shall mean the entire gross receipts of every kind and nature from rentals and services made in, upon, or from the Project, whether upon credit or for cash, in every department operating in the Project.

"Hazardous Substances" has the meaning set forth in Section 21.1.

"Hazardous Substances Costs" has the meaning set forth in Section 21.4.

"Imposition Payment" has the meaning set forth in Section 5.1.

"Impositions" means all ancillary fees and costs related to the Permitted Mortgage (excluding fees and costs attributable to a Landlord default under the Permitted Mortgage or other Landlord costs and expenses), and all taxes, assessments, charges for utilities not paid for by subtenants, excises, levies, license and permit fees and other governmental impositions and charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature whatsoever, which are imposed, levied upon or assessed against or which arise with respect to the Project (or any portion thereof) or any rights or obligations of Master Tenant under this Agreement during the Term of this Agreement, including, but not limited to, any sums payable hereunder.

"Improvements" means all buildings, structures and other improvements of any and every kind or nature now or hereafter located on the Land. Such term shall include, without limitation, all fixtures now or hereafter attached or affixed, actually or constructively thereto, including, without limitation all pipes, engines, wiring, heating, ventilating and air-conditioning equipment and systems, plumbing and lighting fixtures, and other equipment or machinery used in or about or for the maintenance or operation of the Project. Such term shall not include any property owned by a sublessee.

"Intangible Property" has the meaning set forth in Section 3.3.

"Land" means all of the tracts or parcels of land described in Exhibit B, together with all rights, ways and easements appurtenant thereto.

"Landlord" means BR 79 West, DST, a Delaware statutory trust and its successors or assigns.

"Landlord Capital Improvements" means expenditures with respect to (1) repairs and replacements of the structure, foundations, roofs, exterior walls, parking lots and improvements to meet the needs of tenants; (2) leasing commissions; (3) certain Hazardous Substances Costs; (4) any repairs identified in the property condition assessment report, or similar engineering report, performed in connection with the acquisition of the Project; and (5) other improvements or replacements to the Project that would be considered Capital Expenditures or that are required by law.

"Landlord Casualty Costs" has the meaning set forth in Section 17.2.

"Landlord Costs" means Landlord Capital Improvements, as well as certain costs to make repairs to maintain the Project, including annual repair and maintenance expenses incurred by the Master Tenant on behalf of the Landlord exceeding $500 per repair or invoice total. Certain annual repair and maintenance expenses that are not Landlord Capital Improvements and that are less than $500 per repair or invoice total will generally be expensed as incurred by the Master Tenant, at its sole cost and expense.

"Landlord Environmental Costs" has the meaning given such term in Section 21.4.

"Lender" means any lender under a Permitted Mortgage.

"Lender Requirements" means all requirements set forth in the Loan Documents relating to Landlord, Master Tenant or the operation of the Project.

"Loan Documents" means all loan documentation executed and delivered by or on behalf of the Landlord or Master Tenant to the holder of a Permitted Mortgage.

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"Long Term Applicable Federal Rate" means the most current prescribed long-term applicable federal rates for purposes of Section 1274(d) of the Internal Revenue Code, as published by the Internal Revenue Service.

"Management Agreement" means an agreement for the management of the Project.

"Master Tenant" means BR 79 West Leaseco, LLC, a Delaware limited liability company, and its successor or assigns.

"Master Tenant Capital Reserve Account" has the meaning set forth in Section 6.4(a).

"Operating Costs" means all costs and expenses (and taxes, if any, thereon) paid or incurred in respect of the operations, maintenance, management and security of the Project which, in accordance with generally accepted accounting principles are properly chargeable to the operation, maintenance, management and security of the Project, such as the cost of electricity, gas, oil, steam, water, air conditioning and other fuel and utilities, property management fees, asset management fees, reasonable attorneys' fees and disbursements and auditing, management and other professional fees and expenses. For the avoidance of doubt, Operating Costs does not include Rent.

"PCB" has the meaning set forth in Section 21.2.

"Permitted Mortgage" means any mortgage, deed of trust or other similar document placed on the Project by Landlord in compliance with the terms of this Agreement.

"Premium Payment" has the meaning set forth in Section 8.11.

"Project" means the Land and the Improvements.

"Projected Uncontrollable Costs" shall mean the projected Uncontrollable Costs as set forth on the projections.

"Remedial Work" has the meaning set forth in Section 21.5.

"Rent" shall mean, collectively, Base Rent, Additional Rent, Supplemental Rent and any other amounts payable by Master Tenant to (or on behalf of) Landlord hereunder.

"Requirements" means all requirements relating to the Project, including without limitation, planning, zoning, subdivision, environmental, toxic and hazardous waste, health, fire safety, handicapped access and any other applicable federal, state and local statutes, laws, ordinances, rules and regulations, as well as any and all encumbrances, covenants, conditions, and restrictions, foreseen or unforeseen, ordinary as well as extraordinary, which may affect the design, construction, existence or use or manner of use of the Project or any portion thereof.

"Restoration" means the restoration, repair, replacement, rebuilding or alteration of the Project following a casualty or a partial Taking (including, without limitation, the cost of all temporary repairs for the protection of property pending the completion of permanent restoration, repair, replacement, rebuilding or alterations), to a complete architectural unit of as nearly as possible the same value, condition and character that existed immediately prior to such casualty or Taking, to the extent permissible under applicable Requirements, including, without limitation, all zoning and use requirements and regulations.

"Service Contracts" has the meaning set forth in Section 3.3.

"Springing LLC" shall mean the limited liability company participating in the "Transfer Distribution" as such term is defined in the certain Amended and Restated Trust Agreement of BR 79 West, DST, by and among BR 79 West Investment Co, LLC, BR 79 West DST Manager, LLC and Delaware Trust Company.

"Sublease" means any sublease of any or all of the Project permitted pursuant to the terms of this Agreement including, but not limited to, the Existing Obligations.

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"Successor Landlord" has the meaning set forth in Section 19.10.

"Supplemental Rent" shall have the meaning set forth in Section 4.1(c).

"Supplemental Rent Breakpoint" shall be the amounts as set forth on Exhibit A hereto under the heading Gross Revenue Supplemental Rent Breakpoint.

"Supplemental Trust Reserve" has the meaning set forth in Section 6.4(b).

"Taking" means the event of vesting of title to the Project or any part thereof or estate therein in the condemning authority as the result of any Condemnation Proceeding.

"Term" means the Base Term.

"Uncontrollable Costs" means real estate taxes, insurance costs, and the cost of utility service provided to the Project.

"Use" means use as a residential apartment project.

"Vesting Date" means the date of any Taking.

2. **Lease.** Landlord hereby leases to Master Tenant and Master Tenant hereby leases from Landlord subject to the terms set forth in this Agreement, the Project together with all Improvements, all appurtenances pertaining to the Project and all rights of ingress and egress. Landlord shall deliver possession of the Project to Master Tenant on the Commencement Date.

3. **Project and Term of Agreement.**

3.1 The Term of this Agreement shall be for the Base Term unless sooner terminated pursuant to the terms of this Agreement.

3.2 Master Tenant hereby accepts the Project without any representation or warranty by Landlord, express or implied in fact or by law, and expressly without recourse to Landlord as to title to the Project, the nature, the physical condition, suitability or usability thereof. Master Tenant shall take the Project in an "As Is" condition as of the Commencement Date.

3.3 The parties hereto acknowledge that the Project or portions thereof are presently the subject of (i) leases, subleases, tenancies, licenses, occupancies and rights of others, other than those established hereby, which relate to the use of the Project or any portion thereof (collectively, the "Existing Obligations") and (ii) service contracts, which relate to the Project (collectively, the "Service Contracts"). Landlord hereby assigns and transfers to Master Tenant, to the extent transferable, as of the Commencement Date and for the Term of this Agreement, all of Landlord's rights, duties and obligations under the Existing Obligations and the Service Contracts, including, without limitation, the right to collect rents and other charges under the Existing Obligations and to enforce the terms of the Existing Obligations and the Service Contracts, and all of Landlord's rights and interest in and to any intangible property relating to the Project, including, without limitation, all trade names and trademarks (collectively, the "Intangible Property"). Master Tenant does hereby undertake, covenant and agree for and during the Term of this Agreement, to do, perform and discharge any and all rights, duties and obligations in connection with matters affecting the Existing Obligations, the Service Contracts, the Intangible Property, the possession of the Project or the title thereto which Landlord might otherwise have incurred during the Term of this Agreement by reason of the Existing Obligations, the Service Contracts, the Intangible Property or the ownership of the Project by Landlord. Subject to the express terms, provisions and limitations set forth in this Agreement, Master Tenant shall indemnify, protect, defend and hold Landlord harmless from and against any and all liability, damage, loss, cost or expense (including reasonable attorneys' fees and expenses) actually suffered or incurred by Landlord in direct connection with any or all of the Existing Obligations, the Service Contracts, the Intangible Property or the ownership of the Project arising or first accruing during the Term of this Agreement; provided, however, that such indemnity shall not be applicable with respect to

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any liability, damage, loss, cost or expense suffered or incurred by Landlord as a result of, or due to, any negligent or willful act or omission of Landlord or its owners, agents, employees, officers, directors, managers, members and partners. Master Tenant's obligations under this Section shall, as to matters arising, or accruing from facts arising, prior to the termination or expiration of this Agreement, survive the termination of this Agreement. To the extent Landlord is required by the purchase agreement applicable to the acquisition of the Project to remit any rent to the seller, then Master Tenant shall remit such rents to the seller.

3.4 Landlord makes no warranty or representation, express or implied with respect to the Project or the condition thereof, it being agreed that all risks incident thereto are to be borne by Master Tenant. To the extent assignable, Landlord hereby assigns to Master Tenant during the Term of this Agreement all representations and warranties obtained by Landlord upon acquisition of the Project, and any indemnities, third party warranties, guaranties (environmental or otherwise) or rights to receive payment in favor of Landlord, or transferred to Landlord regarding the Project obtained by Landlord upon acquisition of the Project, to the extent such representations, warranties, indemnities, third party warranties, guaranties and rights to receive payment survive the closing of the purchase of the Project, and to the extent the same survive the closing, but are not assignable by Landlord, Landlord hereby agrees, at Master Tenant's request and at Master Tenant's sole cost and expense, to promptly raise and diligently pursue (in a manner and pursuant to a strategy directed by Master Tenant) claims against the seller of the Project or any other applicable party regarding such representations, warranties, indemnities, third party warranties, guaranties and rights to receive payment. In the event that Master Tenant fails to pursue or enforce any right or remedy available to Master Tenant under the purchase agreement, Landlord may, following written notice to Master Tenant, pursue any such claims at its own expense.

3.5 This Agreement is intended to be and shall be construed as an absolute net lease, pursuant to which Landlord shall not be expected or required to make any payment of any kind or be under any obligation or liability except for Landlord Costs or as otherwise expressly set forth herein. Landlord and Master Tenant agree that this Agreement is a true lease and does not represent a financing arrangement, joint venture, management arrangement, or any arrangement other than a true lease. Each party shall reflect the transactions represented by this Lease in all applicable books, records and reports (including, without limitation, income tax filings) in a manner consistent with "true lease" treatment. Notwithstanding any law to the contrary, and except as otherwise expressly set forth herein: (i) this Agreement shall not be terminable by Master Tenant and Master Tenant waives all rights, if any, conferred upon Master Tenant by any statute, decree, order or otherwise to terminate or surrender this Agreement; (ii) Master Tenant shall not be entitled to accept and waives all rights, if any, conferred upon Master Tenant by any statute, decree, order or otherwise to any abatement, deferral, reduction, set-off, counterclaim, defense or deduction with respect to any Rent, and (iii) Master Tenant's obligations under this Agreement including, but not limited to, Master Tenant's obligation to pay the full Rent due hereunder, shall not be affected by reason of: (a) any damage to or destruction of the Project except as set forth in Section 17, (b) any taking of the Project (or any part) by Condemnation or otherwise except as set forth in Section 18, or (c) any other cause whether similar or dissimilar to the foregoing.

3.6 [Intentionally Deleted]

3.7 Landlord shall transfer all security deposits to Master Tenant. Master Tenant will indemnify Landlord from and against any or all losses, damages, costs and liabilities suffered or injured by Landlord in connection with any such security deposits so transferred, but only to the extent caused by or due to the gross negligence or willful misconduct of Master Tenant or Master Tenant's members, managers, shareholders, partners, agents, employees, officers, directors or authorized representatives.

3.8 Upon the termination of this Agreement, Master Tenant's rights and obligations in and under all current Subleases shall automatically vest in Landlord and Landlord shall be deemed, without further action required, to have assumed all of Master Tenant's obligations under the Subleases from and after the effective date of the termination. Landlord also shall indemnify and hold Master Tenant harmless from and against any and all liabilities, claims, damages, losses, charges and expenses (including, without limitation, attorneys' fees and expenses) arising out of or pursuant to any Sublease, which relate to facts occurring from or after the effective date of the termination of this Agreement.

3.9 This Agreement shall terminate in the event that all or substantially all of the Project is sold or transferred by Landlord in one transaction. Such termination shall occur immediately after the sale. The transfer of

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the Project to the Springing LLC from the Landlord, however, shall not cause a termination, but rather in such event this Agreement shall be automatically assumed by the Springing LLC, which shall be thereupon considered the Successor Landlord (as defined below) for all purposes under this Agreement.

4. Rent.

4.1 Master Tenant covenants to pay to Landlord, in lawful money of the United States of America, without notice or demand and without any set-off, deduction or abatement whatsoever (except as otherwise set forth herein), the Rent as follows:

(a) Master Tenant shall pay the annual amount as set forth and identified as "Base Rent" on Exhibit A hereto ("Base Rent"), payable in arrears on the last day of each calendar month during the Term of this Agreement, or, if earlier, no later than such other day as may be required by the holder of a Permitted Mortgage under its applicable Loan Documents. Notwithstanding the foregoing, as an administrative convenience to Landlord, Landlord hereby irrevocably directs Master Tenant to pay such Base Rent directly to the holder of any Permitted Mortgage, or otherwise in accordance with any Permitted Mortgage, on or before the due date thereunder. Landlord will, for purposes of this Section, keep Master Tenant informed of any changes to such obligations;

(b) Master Tenant shall pay the amount that Gross Revenues for a year exceeds the Additional Rent Breakpoint up to a maximum annual ceiling as set forth on Exhibit A hereto ("Additional Rent"). Additional Rent shall be calculated on a calendar year basis (prorated for any partial year) and shall be payable in monthly installments on the last day of each calendar month during the Term of this Agreement. Prorated monthly payments of Additional Rent shall be made if the Term of this Agreement begins on a date other than the first day of a month or ends on a date other than the last day of a month. Such installment payments shall be based on Master Tenant's good faith estimates, and Master Tenant and Landlord shall reconcile Additional Rent within 90 days after the end of each calendar year; and

(c) Master Tenant shall pay an annual amount equal to 90% of the amount by which annual Gross Revenues exceed the Supplemental Rent Breakpoint for such year ("Supplemental Rent"). Projected Supplemental Rent is set forth on Exhibit A hereto. Supplemental Rent shall be payable in arrears on or before the 15th day of each month at the office of the Landlord (or such other address as the Landlord may specify in writing). Supplemental Rent shall only be paid after Base Rent and Additional Rent have been fully paid. Supplemental Rent shall be calculated on a calendar year basis (prorated for any partial year) and shall be paid in arrears by Master Tenant to the Landlord within 90 days after the end of each calendar year.

4.2 Notwithstanding the provisions of Section 20.1.1 below (but only with respect to failure to fully and timely pay Additional Rent and/or Supplemental Rent), it shall not be a Default so long as, after providing for payment of Base Rent, Operating Costs, all Impositions and all other obligations required for operation of the Project and any fees, costs or expenses under the Management Agreement except the Asset Management Fee (collectively, the "Mandatory Expenses"), all of Master Tenant's revenues after Mandatory Expenses ("Cash Flow") shall be allocated and paid first toward Additional Rent and then toward Supplemental Rent. The shortfall if any shall be accrued (the "Accrued Rent") and paid as follows:

(a) The Accrued Rent shall bear interest at the Default Rate until paid;

(b) Accrued Rent plus interest thereon shall be paid on the next succeeding due date of Additional Rent and/or Supplemental Rent, as applicable, hereunder, to the extent of available Cash Flow;

(c) All Accrued Rent plus interest thereon shall be due and payable in full upon sale of the Project.

4.3 Any Additional Rent or Supplemental Rent not paid when due, including any deferred payment pursuant to Section 4.2, shall bear interest from the due date at the Default Rate until paid in full.

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4.4 Master Tenant shall be entitled to reduce Additional Rent or Supplemental Rent (but not Base Rent), if required, to comply with any income tax withholding law.

4.5 In the event that the Projected Uncontrollable Costs for any calendar year (or stub period thereof, in the event that a lease year begins after January 1 of a calendar year or ends before December 31 of a calendar year) exceed the actual Uncontrollable Costs for such calendar year or stub period thereof, Master Tenant shall pay to Landlord, as additional Rent hereunder, the amount of such excess, within 90 days following the end of the applicable calendar year (or stub period thereof). If, however, the actual Uncontrollable Costs for any calendar year (or stub period thereof) exceed the Projected Uncontrollable Costs for such calendar year (or stub period thereof) (such amount the "Excess Uncontrollable Costs"), then Master Tenant shall be responsible for payment of such Excess Uncontrollable Costs, but shall be entitled to reimbursement of such Excess Uncontrollable Costs by offsetting such amount against Rent payable to the Landlord pursuant to Section 4.1(b) and (if necessary) Section 4.1(c) beginning with the first lease month that begins on or after 90 days following the end of such calendar year (or stub period thereof), and against such amounts payable to Landlord in later months, if and as needed, until the full amount of the Excess Uncontrollable Costs incurred for such calendar year (or stub period thereof) have been reimbursed to the Master Tenant.

5. Impositions.

5.1 Master Tenant shall pay (except as provided in Section 5.5) before any fine, penalty, interest or cost may be added thereto, or become due or be imposed by operation of law for the non-payment thereof, all Impositions which at any time during the Term of this Agreement may be assessed, levied, imposed upon, or become due and payable out of or in respect of, or become a lien on (a) the Project or any part thereof or (b) any use or occupation of the Project. If Landlord receives any bills for such Impositions, Landlord shall promptly deliver such bills to Master Tenant. To the extent that Master Tenant has paid as additional Rent the amount of any Imposition or anticipated Imposition into any reserve or impound account established by the holder of a Permitted Mortgage (an "Imposition Payment"), Master Tenant shall be entitled to demand and receive funds directly from such reserve or impound account from the holder of the Permitted Mortgage for the payment of the applicable Imposition(s), in each case, subject to the provisions of the Permitted Mortgage. Upon the funding of any Imposition Payment, Master Tenant's obligation to pay the Imposition corresponding to the Imposition Payment shall be satisfied to the extent of the amount deposited. To the extent any Permitted Mortgage requires an Imposition to be paid into an impound or reserve, Master Tenant shall make such payment.

5.2 If at any time during the Term of this Agreement the methods of taxation prevailing at the Commencement Date shall be altered so as to cause the whole or any part of the Impositions now levied, assessed or imposed on real estate and the improvements thereon to be levied, assessed and imposed wholly or partially as a capital levy or otherwise, on the rents received therefrom, or if as a result of any such alteration of the methods of taxation, any gross receipts or franchise tax (other than income taxes), assessment, levy or other tax or charge shall be measured by or be based, in whole or in part, upon the Project and shall be imposed upon Landlord then all such taxes, assessments, levies or charges so measured or based, shall be deemed to be included within the term "Impositions" for the purposes hereof, and Master Tenant shall pay and discharge the same as herein provided in respect of the payment of Impositions. Each such tax, assessment, levy or charge shall be deemed to be an item of additional Rent hereunder.

5.3 In the case of assessments for local improvements or betterments which may by law be payable in installments, Master Tenant (subject to Section 5.7) shall only be obligated to pay such installments which are currently due or such installments as fall due during the Term of this Agreement, together with interest on deferred payments, provided that Master Tenant shall take such steps as may be prescribed by law to convert the payment of the assessment into installment payments, and Landlord hereby agrees to cooperate with Master Tenant to effect the same. Such payments of installments and any interest thereon shall be made before any fine, penalty, interest or cost may be added thereto for non-payment of any installment.

5.4 Subject to Section 5.5, in any suit or proceeding arising out of the failure of Master Tenant to keep any covenant in the provisions of this Section 5, the certificate or receipt of the department, officer or bureau charged with collection of the Impositions, showing that the Impositions are due and payable or have been paid, shall be prima

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facie evidence that such Impositions were due and payable as a lien or charge against the Project or that the same have been paid as such by Landlord.

5.5 Master Tenant shall have the right, after prior written notice to Landlord and with Landlord's consent, to contest or review by appropriate legal proceedings or in such manner as Master Tenant in Master Tenant's opinion shall deem advisable (which proceedings or other steps taken by Master Tenant if instituted shall be conducted diligently and solely at Master Tenant's own expense) any and all Impositions levied, assessed or imposed against the Project or taxes in lieu thereof required to be paid by Master Tenant, provided that such contest shall not operate to prevent or in any way impair or delay a sale of the Project by Landlord or result in a tax sale of the Project or any portion thereof. Landlord, at the request of Master Tenant, will join in any such contest or proceeding and will execute any agreement in form and substance satisfactory to Landlord in settlement of any of those contests or proceedings and any documents in implementation thereof if it is necessary to do so in order to prosecute such proceeding, but Master Tenant in those circumstances must defend and hold Landlord harmless from and against any and all liability, loss, cost and expense (including without limitation, reasonable attorneys' fees and expenses) suffered or incurred by Landlord in connection therewith. All payments required to be made by Landlord pursuant to any Impositions shall be reimbursed to Landlord by Master Tenant within 30 days. In any event, no such contest shall defer or suspend Master Tenant's obligations to pay the Impositions as herein provided, but if by law it is necessary that such payment be suspended to preserve or perfect Master Tenant's contest, then the contest shall not be undertaken without there being first furnished to Landlord security in form reasonably satisfactory to Landlord, and in an amount sufficient to pay such Impositions, together with all interest and penalties thereon upon conclusion of the contest and all costs thereof that may be imposed upon Landlord or the Project, and Master Tenant shall defend and hold Landlord harmless from and against any and all liability, loss, cost and expense suffered or incurred by Landlord in connection therewith. Nothing in this Section 5.5 shall be in derogation of Landlord's right to contest or review any Impositions by legal proceedings or in such other manner as may be available to Landlord upon 10 days prior written notice to Master Tenant.

5.6 At Landlord's written request, Master Tenant shall deliver to Landlord copies of all paid bills or other evidence of payment for Impositions prior to the date any fine, interest or cost may be imposed for the nonpayment thereof.

5.7 Any Impositions relating to a fiscal period of the taxing authority occurring at the beginning or end of the Term of this Agreement, only a part of which fiscal period is within the Term of this Agreement (whether or not such Impositions are assessed, levied, imposed or become a lien or shall become payable, during the Term of this Agreement) shall be apportioned and adjusted between Landlord and Master Tenant so that Landlord shall only be responsible in respect to that portion of such Impositions which bear the same ratio to the full Impositions that the part of the fiscal period which falls outside the Term of this Agreement bears to the entire fiscal period. Master Tenant shall be responsible for the Impositions that fall within the Term of this Agreement.

5.8 Landlord hereby designates Master Tenant to act on its behalf, and, during the Term of this Agreement, assigns to Master Tenant Landlord's rights and interest: (a) to complete, terminate or settle any appeal proceedings pending on the Commencement Date with respect to real estate tax assessments of the Project for periods prior to the Commencement Date, (b) to determine the need to initiate an appeal of any real estate tax assessment of the Project with respect to periods prior to or after the Commencement Date, and to complete, terminate or settle any such appeals, and (c) to engage legal counsel in connection with the foregoing, provided, however, that any refunds or settlement monies resulting from such appeals shall be applied as follows: (i) first, to the payment of all attorneys' fees and costs attendant to such appeals, (ii) second, to any subtenants to the extent such subtenants are entitled to a portion of such refunds or monies under their respective subleases and (iii) third, so long as Master Tenant is not in Default hereunder, to Master Tenant. Master Tenant shall pay all costs, including attorneys' fees and costs, attendant to such appeals (to the extent not covered by the application of any refunds or settlement monies) and Landlord shall have no obligation to pay the same. At Master Tenant's sole cost and expense, Landlord shall cooperate with Master Tenant to the extent Landlord's participation is necessary to initiate, settle, terminate, extend or amend such appeals or to otherwise secure any refunds.

6. Repairs and Maintenance of the Project.

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6.1 Except for Landlord Costs, throughout the Term of this Agreement, Master Tenant, at Master Tenant's sole cost and expense, shall take good care of the Project and shall put, keep and maintain the same and every part thereof in a condition substantially the same as the condition of the Project on the Commencement Date (ordinary wear and tear excepted), and shall make all necessary repairs thereto of whatsoever nature or kind, interior and exterior, structural and nonstructural, ordinary and extraordinary and whether now foreseeable or not foreseeable, and including, without limitation, any repairs or other work required (i) by contract or Requirements under all Existing Obligations affecting all or any part of the Project or (ii) subject to any contrary terms of Sections 17 or 18, following a Taking or a casualty. Other than responsibility for Landlord Costs, and subject to any contrary provisions of Sections 17 and 18, Master Tenant (and not Landlord) shall have full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Project. For the avoidance of doubt, the requirements of this Section 6 shall be subject to Section 13.4, which provides, in pertinent part, that Master Tenant shall remain entitled to reimbursement by Landlord for any Landlord Capital Improvements incurred by Master Tenant in performing its obligations under this Agreement.

6.2 To the extent there are reserves established under the Permitted Mortgage that are applicable to any maintenance, repairs or replacements, Master Tenant shall have access to such reserves to fund some or all of any such costs to the same extent as Landlord would have such access under the Loan Documents. If any reserve is established under the Loan Documents for or permitted for the payment of Landlord Costs, or if any portion of any monthly payments or reserves required under the Loan Documents is reasonably attributable to Landlord Costs, Landlord, and not Master Tenant, shall be responsible for payment of all related contributions to such reserve(s), and Master Tenant shall have access to such reserves to pay for the work for which the reserves were set aside.

6.3 In addition to the foregoing, during the existence of a Permitted Mortgage, Master Tenant shall further maintain and repair the Project in accordance with any Lender Requirements.

6.4 (a) Master Tenant shall be responsible to perform all Capital Improvements that, in Master Tenant's reasonable discretion, are necessary to properly maintain the Project in accordance with its Use. Master Tenant may in its discretion establish a reserve account to fund and pay for Capital Improvements for which it is responsible to fund (the "Master Tenant Capital Reserve Account"). If the Master Tenant Capital Reserve Account, if established, does not contain sufficient funds to fully reimburse Master Tenant, Master Tenant shall be obligated to separately fund such costs, but in all instances excluding Landlord Costs, which shall remain the responsibility of and shall be funded by the Landlord. Landlord, however, shall not be obligated to pay for any Landlord Costs required (i) due to the gross negligence or willful misconduct of Master Tenant or Master Tenant's members, managers, shareholders, partners, agents, employees, officers, directors or authorized representatives or (ii) that arise directly or indirectly from or in connection with the presence or release of any Hazardous Substance (as defined in Section 21) in or into the air, soil, surface, water, groundwater or soil vapor at, on, under, over or within the Project, or any portion thereof from and after the Commencement Date and otherwise during the Term, in either of which event such Landlord Capital Improvements shall be the responsibility of Master Tenant. Any funds held in the Master Tenant Capital Reserve Account shall belong to Master Tenant and shall be transferred to Master Tenant upon termination of this Agreement.

(b) Landlord shall establish a "Supplemental Trust Reserve" for the benefit of Landlord and the Project to pay for Landlord Costs and other Project costs, expenses and fees, including but not limited to repairs and renovations and the Asset Management Fee. Master Tenant may in its sole discretion draw upon these reserves to satisfy Landlord Costs, and for other Project costs and expenses including without limitation the payment of the Asset Management Fee. The Landlord shall deposit into the Supplemental Trust Reserve funds raised in its private placement offering of DST Interests, in an amount equal to $2,300,000 if the maximum amount of DST Interests is sold. All funds held in such Supplemental Trust Reserve shall belong to Landlord and, subject to any contrary terms of any Loan Documents, and to the extent that any funds remain they shall be transferred to Landlord upon termination of this Agreement.

(c) Master Tenant may draw upon the Supplemental Trust Reserve (and any such other reserves available under the Loan Documents) for Capital Improvements (including Landlord Cost items) with a useful life beyond the term of this Agreement.

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6.5 Master Tenant may satisfy its funding obligations for any Capital Improvements to the extent, if any, that insurance proceeds are made available to Master Tenant's or Landlord's insurance carrier and such proceeds are used to perform the Capital Improvements.

6.6 Throughout the Term of this Agreement, Master Tenant shall not intentionally cause any waste, damage, disfigurement or injury to the Project or any part thereof.

6.7 Master Tenant may enter into a Management Agreement for the management and operation of the Project as contemplated hereunder. Landlord shall not have any rights or obligations under the Management Agreement; provided, that at all times the Management Agreement shall be subject and subordinate to this Agreement.

7. Compliance with Requirements.

7.1 Throughout the Term of this Agreement, Master Tenant, at Master Tenant's sole cost and expense (except for Landlord Capital Improvements which shall be at Landlord's expense) and in all material respects, shall promptly comply with all present and future Requirements whether or not such Requirements shall necessitate structural changes or improvements or interfere with the use and enjoyment of the Project, or any part thereof. If Landlord receives any notices regarding Requirements, Landlord shall promptly deliver the same to Master Tenant.

7.2 Master Tenant shall have the right, after prior notice to Landlord, solely at Master Tenant's own expense, without cost or expense to Landlord, to contest by appropriate legal proceedings diligently conducted in good faith, in the name of Master Tenant, the validity or application of any Requirements, provided, however, that Master Tenant may delay compliance therewith until the final determination of such proceeding only if by the terms of any such Requirements, compliance therewith pending the prosecution of any such proceeding may legally be delayed without the incurrence of, or the risk of incurring, any fine, lien, charge or liability of any kind against the Project or Master Tenant's leasehold interest therein and without subjecting Master Tenant or Landlord to the risk of any liability, civil or criminal, for failure so to comply therewith. To the extent reasonably required and at Master Tenant's request and sole cost and expense, Landlord hereby agrees to cooperate with and assist Master Tenant with such contests.

8. Insurance.

8.1 Master Tenant shall, at Master Tenant's sole cost and expense, at all times throughout the Term of this Agreement, maintain the insurance below enumerated on the Project, or cause such insurance to be maintained, for the mutual benefit of Landlord and Master Tenant:

8.1.1 All Risks property insurance on the Improvements in an amount not less than 100% of the full replacement costs of the Improvements with a Replacement Cost Endorsement. "Full replacement cost" as used herein means the cost of replacing the Improvements (exclusive of the cost of excavations, foundation and footings below the lowest basement floor) without deduction for physical depreciation thereof;

8.1.2 Boiler and Machinery insurance as may reasonably be required to cover physical damage to the Improvements and to the major components of any central heating, air-conditioning or ventilation systems;

8.1.3 Provided that the Project, 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, unless neither the Project, nor any portion thereof, is located within a 100 year flood plain as determined by the Federal Insurance Administration; and

8.1.4 During any changes or alterations of the Project 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 Improvements.

8.2 Master Tenant shall also maintain, at Master Tenant's sole cost and expense, or cause to be maintained by its sublessee and at all times throughout the Term of this Agreement, the following insurance:

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8.2.1 insurance against loss of profits or rental under a business interruption insurance policy or under a rental value insurance policy covering risk of loss due to the occurrence of any of the hazards covered by the policies described in Sections 8.1.1, 8.1.2 and 8.1.3, and (to the extent insurance covering such hazards is generally obtainable) in Section 8.1.4 in an amount not less than the aggregate requirements for the period of 12 months following the occurrence of the insured casualty for: (i) Base Rent, estimated Additional Rent and estimated Supplemental Rent, or, if such amounts exceed the Base Rent, estimated Additional Rent and estimated Supplemental Rent, the rental payments due Master Tenant under the Subleases, (ii) Impositions and (iii) premiums on insurance required to be carried pursuant to this Section;

8.2.2 comprehensive general liability insurance including contractual liability insurance specifically covering the indemnification obligations of Master Tenant under this Agreement (including, without limitation, the obligations referred to in Section 16.1), on an occurrence basis against claims for personal injury, (including, without limitation, elevators and/or escalators) and the sidewalks, driveways and curbs adjacent thereto with limits not less than $1,000,000 combined single limit and $2,000,000 in the annual aggregate in the event of bodily injury or death to any number of persons in any accident; and

8.2.3 any other insurance or coverages applicable to the Project which are required to be maintained by the owner or operator of the Project pursuant to the terms of any Permitted Mortgage; provided that such insurance shall only be required to be maintained by Master Tenant during the term of the Permitted Mortgage.

8.3 All insurance provided for under this Agreement shall be effected under valid enforceable policies issued by insurers of responsibility and licensed to do business in the State where the Project is located. The original policies under Section 8.1 and the certificates for the policies under Section 8.2 shall be delivered to Landlord within 5 days of Master Tenant's receipt of Landlord's written request therefor. Prior to the expiration date of any policy required pursuant to this Section, the original renewal policy (or the certificate as concerns the insurance required pursuant to Section 8.2) for such insurance shall be delivered by Master Tenant to Landlord, together with satisfactory evidence of payment of the premium on such policy. To the extent obtainable, all such policies shall contain agreements by the insurers that (i) no act or omission by Master Tenant shall impair or affect the rights of the insured to receive and collect the proceeds under the policies; (ii) such policies shall not be cancelled except upon not less than 10 days prior written notice to each named insured and loss payee; and (iii) the coverage afforded thereby shall not be affected by the performance of any work in or about the Project.

8.4 The rental value policy referred to in Section 8.2.1 shall name Landlord as loss payee. To the extent Master Tenant is in Default under this Agreement, Landlord shall retain and apply the proceeds, if any, of such rental value insurance first towards the payment of Base Rent, second to the payment of Impositions, third to payment of the Additional Rent, fourth to the portion of Accrued Rent consisting of amounts of Additional Rent accrued pursuant to Section 4.2, fifth to payment of Supplemental Rent and sixth to the balance of Accrued Rent consisting of amounts of Supplemental Rent accrued pursuant to Section 4.2. Any balance of such portion of the total proceeds remaining after such Default has been cured shall be paid to Master Tenant, unless Master Tenant is again in Default under this Agreement, in which case said proceeds shall be retained by Landlord.

8.5 Except as provided in Section 8.4, all policies of insurance shall name Master Tenant as the insured and Landlord (and Master Tenant, if applicable) as an additional insured, as their respective interests may appear. Subject to the terms of any loan documents evidencing a Permitted Mortgage, the loss, if any, under said policies referred to in Section 8.1 shall be adjusted with the insurance companies solely by Master Tenant, except that in case of any particular casualty occurring during the last year of the Term of this Agreement and resulting in damage or destruction exceeding $3,000,000, no adjustment shall be made with the insurance companies without the prior written approval of Landlord.

8.6 The loss, if any, under all policies of insurance of the kind referred to in Section 8.1 shall be payable to Master Tenant, unless the casualty results in Master Tenant's termination of this Agreement pursuant to the provisions of Section 17, in which event the loss shall be payable to Landlord. All policies of insurance of the kind aforesaid shall expressly provide that all losses thereunder shall be adjusted and paid as provided in Sections 8.5 and 8.6.

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8.7 Nothing contained in the foregoing provisions of this Section shall prevent Master Tenant from taking out insurance of the kind and in the amount provided for under Sections 8.1 or 8.2 under a blanket insurance policy or policies which cover the properties owned or operated by Master Tenant or its affiliates as well as the Project; provided, however, if such insurance is provided pursuant to a blanket policy, Master Tenant shall obtain an "Agreed Value Endorsement" applicable to the Project.

8.8 All policies under Section 8.1 and Section 8.2 shall contain endorsements that the rights of the insured to receive and collect the proceeds shall not be diminished because of any additional insurance carried by Master Tenant on Master Tenant's own account.

8.9 The requirements of this Section shall not be deemed or construed to negate or modify Master Tenant's obligations to defend and indemnify Landlord pursuant to the provisions of this Agreement, or to negate or modify Master Tenant's obligations to restore the Project following a Taking or casualty pursuant to the provisions of this Agreement.

8.10 Notwithstanding anything herein to the contrary, to the extent required in any Permitted Mortgage the holder of the Permitted Mortgage shall be named an additional insured under any liability policies and proceeds under such other policies shall be payable to holder as a mortgagee under a standard mortgagee clause in favor of, and acceptable to, such holder. Master Tenant's obligations hereunder to deliver certificates of insurance or original insurance policies to Landlord shall, during the time any Permitted Mortgage is in existence, include delivery of such items to such lender in addition to (or where necessary in lieu of) delivery of such items to Landlord. To the extent that any insurance proceeds are paid to the lender under a Permitted Mortgage in accordance with the requirements of the Permitted Mortgage, such payment (and, as applicable, the use of any such proceeds by Master Tenant to repair any related damage in accordance with the terms of the Permitted Mortgage), will be deemed to satisfy Master Tenant's obligations under this Agreement, including Section 17, where such proceeds would, without such Permitted Mortgage, be available to Master Tenant to perform its repair obligations under this Agreement. Master Tenant's and Landlord's rights in and to any insurance proceeds are subject to the rights of the holder of a Permitted Mortgage under the Permitted Mortgage.

8.11 To the extent that Master Tenant has paid as Base Rent any amount for the payment of any insurance premium or anticipated insurance premium into any reserve or impound account established by the holder of a Permitted Mortgage (a "Premium Payment"), Master Tenant shall be entitled to demand and receive funds directly from such reserve or impound account from the holder of the Permitted Mortgage for the payment of the applicable insurance premium(s) in each case, in accordance with the terms and conditions of the Permitted Mortgage. Upon the funding of any Premium Payment, Master Tenant's obligation to maintain the insurance corresponding to the Premium Payment shall be satisfied in full for the applicable period. To the extent any Permitted Mortgage requires a Premium Payment to be paid into an impound or reserve, Master Tenant shall make such payment.

9. Surrender at End of Term.

9.1 Upon termination of this Agreement, Master Tenant shall quit and surrender the entire Project (including, without limitation the Improvements) to Landlord, without payment or off-set, in a condition substantially similar to the condition of the Project on the Commencement Date, reasonable wear and tear and Capital Improvements excepted, free and clear of all leases and occupancies other than (a) the Existing Obligations (to the extent the same have not expired or have since been terminated), (b) Subleases and (c) any other leases and occupancies which Landlord has expressly agreed in writing shall survive the expiration or sooner termination of this Agreement, and free and clear of all liens and encumbrances other than those, if any, created by Landlord and any Permitted Mortgage. Upon termination of this Agreement, Master Tenant shall assign the items set forth in (a), (b) and (c) above to Landlord.

9.2 Any personal property of Master Tenant, any subtenant, any space tenant, any occupant, any business invitee or any licensee, which shall remain upon the Project after the expiration or sooner termination of this Agreement and the removal of Master Tenant, such subtenant, such space tenant, such occupant, such business invitee or such licensee from the Project, or the abandonment or vacation of the Project by Master Tenant or such subtenant, space tenant, occupant, business invitee or licensee, may, at the option of Landlord, be deemed to have been abandoned and either may be retained by Landlord as Landlord's property or may be disposed of, without accountability, in such

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manner as Landlord may see fit, and Master Tenant agrees to defend, indemnify and hold Landlord harmless from and against any and all liabilities, claims, damages, losses, charges and expenses (including, without limitation, attorneys' fees and expenses) arising in any way from such retention or disposition.

9.3 If Master Tenant does not vacate the Project upon expiration or sooner termination of this Agreement, then Landlord shall have the option to treat Master Tenant as a month-to-month tenant, subject to all of the provisions of this Agreement, except that: (i) the term shall be month-to-month and (ii) the rent (excluding Impositions which will also be payable) shall be an amount equal to 125% of the prior monthly installment of Rent.

9.4 Landlord shall not be responsible for any loss or damage occurring to any property owned by Master Tenant, any subtenant, any space tenant, any occupant, any business invitee or any licensee.

9.5 The terms, covenants, provisions and conditions of this Section 9 shall survive the expiration or sooner termination of this Agreement.

10. Landlord's Right to Perform Master Tenant's Covenants.

10.1 If Master Tenant shall at any time fail to (i) pay any Impositions in accordance with the provisions of Section 5, (ii) maintain any of the insurance policies provided for in Section 8, (iii) discharge any lien or other encumbrance that Section 12 requires Master Tenant to discharge, (iv) comply with the provisions of Section 21, or (v) make any other payment or perform any other act on Master Tenant's part to be made or performed pursuant to this Agreement, then, after 20 days prior written notice to Master Tenant or without notice in case of an emergency (which shall include, but shall not be limited to, danger to person or property or the imposition of a monetary fine or penalty on Landlord or Landlord's exposure to possible liability or where the due date for such payment or performance shall have passed or shall occur within such 20 day period) and without waiving, or releasing Master Tenant from any obligation of Master Tenant contained in this Agreement, Landlord may (but shall be under no obligation to):

10.1.1 pay all Impositions payable by Master Tenant pursuant to the provisions of Section 5;

10.1.2 take out, pay for and maintain any of the insurance policies provided for in Section 8;

10.1.3 discharge such lien or encumbrance for Master Tenant's account;

10.1.4 make any payment and perform any action on Master Tenant's behalf to be made or performed pursuant to Section 21, and enter upon the Project for that purpose and take all such action thereon as may be necessary therefor; and/or

10.1.5 make any other payment or perform any act on Master Tenant's behalf to be made or performed hereunder as provided in this Agreement, and enter upon the Project for that purpose and take all such action thereon as may be necessary therefor.

10.2 All sums so paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of any such act, together with interest thereon at the Default Rate from the respective dates of Landlord's making of each such payment or incurring of each such cost and expense, shall constitute additional Rent payable by Master Tenant under this Agreement and shall be paid by Master Tenant to Landlord on demand. Landlord shall not be limited in the proof of any damages which Landlord may claim against Master Tenant arising out of or by reason of Master Tenant's failure to provide and keep in force insurance which Master Tenant is required to keep in force under this Agreement. Landlord shall also be entitled to recover, as damages for such breach, the uninsured amount of any loss to the extent of any deficiency in the insurance required by the provisions of this Agreement, damages, costs and expenses of suit suffered or incurred by reason of damage to, or destruction of, the Project, or any part thereof, occurring during any period when Master Tenant shall have failed or neglected to provide insurance as aforesaid.

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10.3 Master Tenant's obligations under this Section 10 shall, as to matters arising prior to the expiration or sooner termination of this Agreement, survive for 1 year following the expiration or sooner termination of this Agreement.

11. Changes and/or Alterations by Master Tenant.

11.1 Subject to the Loan Documents and Section 11.3 below, Master Tenant shall have the right at any time and from time to time during the Term of this Agreement to make, at Master Tenant's sole cost and expense (provided that any Landlord Costs shall be at Landlord's expense) and in its sole discretion, structural and nonstructural changes and alterations in or to the Improvements without Landlord's consent, subject however, in all cases to the following:

11.1.1 No change or alteration shall be undertaken until Master Tenant shall have procured and paid for, so far as the same may be required, from time to time, all permits and authorizations of all municipal departments and governmental subdivisions having jurisdiction. Landlord shall join in the application for such permits and authorizations whenever such action is necessary; provided that Landlord shall not incur or be subject to any liability or expense as a result of joining in said application.

11.1.2 No change or alteration shall be made that could materially reduce the value of the Project below its value immediately before such change or alteration, result in a material change in the usefulness of the Project from its intended Use, or that would violate the terms of any Sublease.

11.1.3 Any change or alteration shall be made promptly and in a good and workmanlike manner and in compliance with all applicable permits and authorizations, and all Requirements shall be completed at least 3 months prior to the end of the Term of this Agreement.

11.1.4 The cost of any such change or alteration shall be promptly paid by Master Tenant (or from the Master Tenant Capital Reserve Account, if any, in the event of a Capital Improvement other than disputed items) so that the Project shall at all times be free and clear of liens and/or encumbrances for labor and materials supplied or claimed to have been supplied to the Project.

11.1.5 All changes and alterations to the Improvements made by or on behalf of Master Tenant shall be and become the property of Landlord upon termination of this Agreement and for purposes of this Agreement shall be deemed to be a part of the Improvements. Master Tenant shall diligently prosecute to completion all such changes and alterations once commenced, and Master Tenant's obligation to complete the same pursuant to the terms of this Agreement shall survive the expiration or sooner termination of this Agreement.

11.1.6 Any such changes and alterations provided for in this Section 11 shall be performed by Master Tenant in full compliance with the Lender Requirements.

11.1.7 Worker's compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against Landlord, Master Tenant or the Project, and general liability insurance for the mutual benefit of Master Tenant and Landlord with a combined single limit of not less than $1,000,000 "per occurrence" against all claims for personal injury, bodily injury, death and property damage and all risk builder's risk as provided in Section 8.1.4 shall be maintained by Master Tenant, at Master Tenant's sole cost and expense, at all times when any work is in process in connection with any change or alteration. All such insurance shall be provided by a company or companies of recognized responsibility, and all policies or certificates therefor issued by the respective insurers, bearing notations evidencing the payment of premiums or accompanied by other evidence of such payment, shall be delivered to Landlord prior to the commencement of any work in connection therewith.

11.2 Master Tenant covenants that in performing any work or repairs to, or restoration, replacement or rebuilding of, any portion of the Improvements required or permitted to be performed by Master Tenant pursuant to this Agreement, Master Tenant shall, to the extent applicable, comply with the provisions set forth in this Section 11.

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11.3 Notwithstanding anything in this Agreement or in the Loan Documents, to the extent that Master Tenant makes any changes or alterations to the Project that constitute more than minor, non-structural modifications, Master Tenant must, prior to making any such changes or alterations, (a) provide 30 days' advance written notice to the Landlord setting forth the details of such alterations so that the Landlord, to the extent it is a DST, may effectuate a transfer of the Project if necessary to a newly-formed Delaware limited liability company and in accordance with the Trust Agreement of the Landlord, or (b) execute an agreement with the Landlord to the effect that at the end of the Term of this Agreement, Master Tenant shall restore the Project to a condition substantially the same as the condition of the Project on the Commencement Date. Notwithstanding anything else in this Agreement, at any time that Landlord is a DST, Landlord shall not have the right, power or ability to make more than minor non-structural modifications to the Project (in accordance with Revenue Ruling 2004-86).

12. Discharge of Liens.

12.1 Master Tenant covenants and agrees that Master Tenant shall not create or permit to be created or to remain, and shall discharge, any lien, encumbrance or charge which might be or become a lien, encumbrance or charge upon the Project or any part thereof or the income therefrom, and Master Tenant shall not suffer any other imposition whereby the estate, right and interest of Master Tenant in the Project or any part thereof might be impaired, provided that any Impositions may, after the same become a lien on the Project, be paid or contested in accordance with Section 5, and any mechanic's, laborer's or materialman's lien may be discharged in accordance with Section 12.2.

12.2 If any mechanic's, laborer's or materialman's lien shall at any time be filed against the Project or any part thereof, Master Tenant, within 30 days after notice of the filing thereof, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Master Tenant shall fail to cause such lien to be discharged within the period aforesaid, then, in addition to any other right or remedy available to Landlord hereunder, at law or in equity and including those set forth in Section 20, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings. Any amount so paid by Landlord and all costs and expenses incurred by Landlord in connection therewith, including, without limitation, amounts paid in good faith settlement of such lien and attorneys' fees and expenses, together with interest thereon at the Default Rate from the respective dates of Landlord's making the payment or incurring the cost and expense to the date Landlord is in actual receipt of such amount from Master Tenant, shall constitute additional Rent payable by Master Tenant under this Agreement and shall be paid by Master Tenant to Landlord on demand. In the event that any mechanic's, laborer's or materialmen's lien cured by Master Tenant relates to any Landlord Capital Improvement expense that is the responsibility of Landlord, Master Tenant shall be reimbursed therefor in the manner described in Section 6.

NOTICE IS HEREBY GIVEN THAT LANDLORD WILL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO MASTER TENANT, OR TO ANYONE HOLDING AN INTEREST IN THE PROJECT (OR ANY PART THEREOF) THROUGH OR UNDER MASTER TENANT, AND THAT NO MECHANIC'S OR OTHER LIENS OR ANY SUCH LABOR, SERVICE OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN THE PROJECT.

13. Use of Project.

13.1 Master Tenant shall use the Project for the Use and for no other purpose, and hereby covenants to use and operate the Project for the Use at all times during the Term of this Agreement. Master Tenant hereby covenants and agrees to act in compliance with all laws, ordinances, rules, regulations and guidelines relating to operation of the Project.

13.2 Master Tenant shall not use or allow the Project or any part thereof to be used or occupied for any unlawful purpose or in material violation of any certificate of occupancy or certificate of compliance or of any other material certificate, permit, law, statute, ordinance, rule or regulation or any of the other Requirements, or any lease, mortgage, easement, restriction or other material agreement covering or affecting the use of the Project or any part thereof, and shall not suffer any act to be done or any condition to exist on the Project or any part thereof, which may be dangerous, unless safeguarded as required by law, or which may constitute a nuisance, public or private, or which

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may make void or voidable, or cause the revocation of, any certificate of occupancy or certificate of compliance or any other material certificate or permit or any insurance then in force with respect thereto.

13.3 Master Tenant shall not suffer or permit the Project, or any portion thereof, to be used by any other party, including the public, as such, without restriction or in such manner as might reasonably tend to impair Landlord's title to the Project or any portion thereof, or in such manner as might reasonably make a possible claim or claims of adverse usage or adverse possession by such party or the public, as such, or of implied dedication of the Project or any portion thereof.

13.4 Master Tenant shall not use or allow the Project or any part thereof to be used or occupied in a manner that would result in the violation of the Lender Requirements. Master Tenant shall further perform during the Term of this Agreement, the Lender Requirements that relate to this Agreement or the Project. Such covenants and obligations shall be performed by Master Tenant in such a manner as to not constitute a default under the Permitted Mortgage. Notwithstanding the above, Master Tenant shall remain entitled to reimbursement by Landlord for any Landlord Capital Improvements incurred by Master Tenant in performing its obligations under this Agreement.

13.5 Landlord agrees that in the event Landlord refinances a Permitted Mortgage, the Lender Requirements and other obligations imposed by the new lender shall not be greater than those existing under the Permitted Mortgage existing as of the Commencement Date and shall not affect operations of the Project or the leasing of the Project by Master Tenant.

14. Entry to Project by Landlord. Master Tenant shall permit Landlord, and any of Landlord's authorized representatives to enter the Project at reasonable times upon reasonable notice, and at any time in case of an emergency for the purpose of (a) inspecting the same, and showing the same to any prospective purchaser of Landlord's interest or, within 6 months prior to the expiration of the Term of this Agreement, any prospective tenants, or (b) making any necessary repairs thereto and performing any work therein that may be necessary by reason of Master Tenant's failure to commence (and diligently pursue the completion of) any such repairs within 20 days after prior written notice from Landlord, or (c) to perform any work related to any Landlord Capital Improvements if not performed by Master Tenant. Nothing herein shall imply any duty upon the part of Landlord to do any such work, (other than any work related to any Landlord Capital Improvements, which shall (subject to the performance thereof by Master Tenant as set forth in Section 6.4) be Landlord's responsibility), and performance thereof by Landlord shall not constitute a waiver of Master Tenant's default in failure to perform the same.

15. Waiver of Subrogation Right. Landlord and Master Tenant hereby each release the other party, and such other party's owners, members, managers, shareholders, beneficial interest holders, partners, agents, employees, officers, directors and authorized representatives, from any claims such releasing party may have for damage to the Project, personal property, improvements and alterations of such party in or about the Project to the extent the same is covered by a policy of insurance insuring such party; provided, however, that this waiver shall be ineffective unless consented to by the insurance company or companies issuing the insurance policies required to be maintained by Master Tenant under this Agreement and shall be ineffective as to any such damage not covered by insurance required to be carried hereunder or, if greater in amount, insurance actually carried. Master Tenant shall cause each fire or other casualty insurance policy maintained by Master Tenant with respect to the Project or any portion thereof to provide that the insurance company waives all right to recovery of paid insured claims by way of subrogation against the other party in connection with any matter covered by such policy, to the extent such waiver is available.

16. Indemnification and Waiver.

16.1 Master Tenant shall indemnify, defend and hold Landlord harmless from and against any and all losses, damages, expenses, costs and liabilities actually suffered or incurred by Landlord (collectively, "Damages") in connection with anything and everything whatsoever directly arising from or out of (i) any injury, illness or death to any person or damage to any property from any cause occurring in or upon or in any other way relating to the Project, (ii) the occupancy of the Project or any part thereof by, through or under Master Tenant, and/or (iii) any failure on Master Tenant's part to comply with any of the covenants, terms, conditions, representations or warranties contained in this Agreement; provided, however, that in no event shall the foregoing indemnity apply to any damages arising out of, or because of, the negligence or willful misconduct of Landlord or its agents, employees, officers and directors. This indemnity extends to liability for expenses (including, without limitation, reasonable attorneys' fees and out-of-

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pocket expenses at both trial and appellate levels) actually incurred by Landlord in defending any action or proceeding (a) instituted against Landlord by a third party, or in which Landlord intervenes, or against Master Tenant in which Landlord is made a party or appears and (b) to which the foregoing indemnity would apply.

16.2 Landlord shall not be liable to Master Tenant and Master Tenant hereby waives all claims against Landlord for any injury, illness or death of any person or damage to any property in or about the Project unless caused by the negligence or willful misconduct of Landlord or its agents, contractors, employees, officers and directors.

16.3 In the event Master Tenant is obligated to pay or pays any obligations of Landlord under a Permitted Mortgage out of Master Tenant's own funds that is not otherwise an obligation of Master Tenant under this Agreement, Landlord shall be severally liable to Master Tenant for the reimbursement of such Landlord's share of such amount paid. Landlord shall reimburse Master Tenant for any such amount within 30 days of a demand for reimbursement from Master Tenant. Master Tenant may deduct an amount equal to the reimbursement from any Rent due under this Agreement, including any Accrued Rent.

16.4 The terms, covenants, provisions and conditions of this Section 16 shall survive the termination of this Agreement.

17. Damage or Destruction.

17.1 In the event of any material casualty to the Project, Master Tenant shall promptly give written notice to Landlord thereof. Subject to the terms of Sections 17.2 and 17.3, Master Tenant shall be responsible for the Restoration of the Project and Master Tenant shall be entitled to the use of all available proceeds from any insurance for purposes of completing the Restoration. In such event this Agreement shall continue in full force and effect, without any reduction of Rent, unless otherwise set forth below.

17.2 If the proceeds from any casualty insurance are insufficient to complete the Restoration, Master Tenant shall fund any excess required to complete the Restoration, except for funds attributed to Landlord Capital Improvements and to costs (i) attributable to the negligence or willful misconduct of the Landlord or its agents, (ii) incurred when the Landlord or its agents have taken control or possession of the Project; or (iii) incurred after the expiration of the Master Lease ("Landlord Casualty Costs"). Any casualty proceeds in excess of the cost of Restoration shall be payable to, and retained by, Master Tenant except for any excess funds attributable to Landlord Casualty Costs which shall be retained by Landlord. Landlord shall provide Master Tenant with the funds necessary to fund any costs to complete the Restoration for Landlord Capital Improvements. Absent receipt of Landlord's agreement to fund such excess amounts within 15 days, Master Tenant may elect to terminate this Agreement upon notice to Landlord within 20 days after the expiration of the 15 day period.

17.3 If the casualty occurs within the last 12 months of the Term, and the casualty affects more than 50% of the Project, Master Tenant may elect to terminate this Agreement, rather than undertake and complete the Restoration, without regard to the availability of proceeds from insurance or from Landlord. Notwithstanding the foregoing, Master Tenant may not elect to terminate this Agreement pursuant to the preceding sentence if such termination would constitute a default under any Permitted Mortgage and, in the event such termination would constitute a default under a Permitted Mortgage, or if Restoration is otherwise required by the Permitted Mortgage, Master Tenant shall complete the Restoration in accordance with the terms of this Section.

17.4 In the event that this Agreement is terminated pursuant to this Section 17, then the Rent shall be prorated to the date of termination. In the event that some or all of the Project cannot be restored, and Landlord and Master Tenant elect not to terminate this Agreement, then the Additional Rent and Supplemental Rent shall be reduced (and Master Tenant shall be credited for prior overpayments) by an amount reasonably determined by Landlord and Master Tenant.

17.5 Except as provided herein, no destruction of or damage to the Project or any part thereof by fire or any other casualty shall permit Master Tenant to surrender this Agreement or shall relieve Master Tenant from Master Tenant's liability to pay the full Rent under this Agreement or from any of Master Tenant's other obligations under this Agreement. Master Tenant waives any rights now or hereafter conferred upon Master Tenant by statute or

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otherwise to quit or surrender this Agreement or the Project or any part thereof, or to any suspension, diminution, abatement or reduction of rent on account of any such destruction or damage except as expressly set forth herein.

18. Condemnation.

18.1 Subject to any Loan Documents, in case of a Taking of all of the Project, this Agreement shall terminate and expire as of the Vesting Date and the Rent under this Agreement shall be apportioned and paid to the Vesting Date.

18.2 Subject to any Loan Documents, in case of a Taking of less than all of the Project, Landlord shall receive the entire award for the Taking and, except as specifically set forth in this Section, no claim or demand of any kind shall be made by Master Tenant against Landlord or any other party who could, by virtue of a claim against it, make a claim against Landlord by reason of such Taking.

18.2.1 In the case of a Taking of a portion, but less than all, of the Project, Master Tenant shall determine, in Master Tenant's reasonable discretion, whether the remaining Project (after Restoration referred to in Section 18.2.3 (i) can be used for the Use and (ii) will allow Master Tenant to complete the Restoration for an amount not to exceed the proceeds from the Taking. If it is determined by Master Tenant that the remaining Project cannot be used for the Use, then and in such event this Agreement shall terminate as of the Vesting Date and the Rent shall be apportioned and paid to the date of termination and no other claim or demand of any kind shall be made by Landlord against Master Tenant by reason of such termination. If it is determined that Master Tenant cannot complete the Restoration for an amount that is less than or equal to the proceeds from the Taking then and in such event Master Tenant can elect to terminate this Agreement as of the Vesting Date and, subject to the Loan Documents, the Rent shall be apportioned and paid to the date of termination and no other claim or demand of any kind shall be made by Landlord against Master Tenant by reason of such termination; provided, however, that if there is at least 12 months remaining in the Term, Landlord may agree to pay the excess Restoration expenses in which case this Agreement shall not terminate and Master Tenant shall undertake the Restoration of the Project in accordance with the terms of Section 18.2.3.

18.2.2 If, in the case of a Taking of less than all of the Project, this Agreement is not terminated in accordance with the provisions of Section 18.2.1, this Agreement shall continue in full force and effect as to the remaining portion of the Project without any reduction in the Rent, except as expressly provided in Section 18.3. No such partial Taking shall operate as or be deemed an eviction of Master Tenant from that portion of the Project not affected by such partial Taking or in any way terminate, diminish, suspend, abate or impair the obligation of Master Tenant to observe and perform fully all the covenants of this Agreement on the part of Master Tenant to be performed with respect to the remainder of the Project unaffected by the partial Taking, except as to any reduction (if any) in the Rent as expressly provided in Section 18.3.

18.2.3 If, in the case of a Taking of less than all of the Project, this Agreement is not terminated in accordance with the provisions of Section 18.2.1, Master Tenant shall, prior to the expiration of the Term of this Agreement, commence and proceed with reasonable diligence to complete the Restoration provided, however, that Landlord shall, in this case, make the award in the Condemnation Proceedings and, in the case of Section 18.2.1, such award plus any excess funds due from Landlord, available to Master Tenant to be utilized for Restoration of the Project. Landlord shall be entitled to receive and retain the remainder of the award not needed to complete the Restoration.

18.3 In case of a Taking of less than all of the Project and if (i) this Agreement shall not terminate as provided in Section 18.2.1, and (ii) Restoration has been undertaken by Master Tenant pursuant to the provisions of Section 18.2.3, then commencing as of the Vesting Date, the amount of the Additional Rent and Supplemental Rent payable by Master Tenant under this Agreement shall be reduced (and Master Tenant shall be credited for prior overpayments) by an amount reasonably determined by Landlord and Master Tenant. The new Additional Rent and Supplemental Rent shall be established to provide Master Tenant and Landlord with the same economic return that each were entitled prior to the Taking.

18.4 Each of Landlord and Master Tenant shall promptly deliver to the other any notices it receives with respect to a Condemnation Proceeding or threatened Condemnation Proceeding.

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18.5 Notwithstanding anything herein to the contrary, Master Tenant's and Landlord's rights and obligations in and to any condemnation proceeding or related proceeds derived therefrom shall, in all cases, be subject to the rights of the holder of any Permitted Mortgage under the Loan Documents.

19. Assignment, Subletting and Mortgaging.

19.1 Master Tenant may not sell, assign, transfer, mortgage, pledge or otherwise dispose of this Agreement or any interest of Master Tenant in this Agreement, except with Landlord's prior written consent in its sole and absolute discretion (Master Tenant understands and acknowledges that Landlord will not approve any such transfer in the event that Landlord is a DST).

19.2 If an assignment is consented to by Landlord, no such assignment shall be valid unless (i) such permitted assignment complies with the provisions of this Agreement, and (ii) there shall be delivered to Landlord in proper form for recording on the date of assignment (a) a duplicate original of the instrument of assignment, and (b) other than an assignment accomplished in conjunction with a Permitted Mortgage as additional collateral, an instrument of assumption by the transferee of all of Master Tenant's obligations under this Agreement, including, without limitation, any unperformed obligations which have accrued as of the date of the assumption. Any such permitted assignee shall thereafter have all of the power, authority, rights, duties, obligations and liabilities of Master Tenant hereunder. The new Master Tenant shall be liable for the payment of all Rent due hereunder and the performance of all terms, covenants and conditions to be performed by Master Tenant under this Agreement, and Master Tenant shall reaffirm the same to Landlord in writing, in recordable form acceptable to Landlord, prior to such transfer. Any single consent given by Landlord hereunder shall not be deemed a waiver of Landlord's right to future requests for consent under this Section. If Landlord is requested to approve a proposed assignment or sublease, Master Tenant shall be responsible for paying the fees and expenses of Landlord's counsel for reviewing and/or preparing the appropriate materials and documents.

19.3 Without limiting in any way the rights and remedies of Landlord hereunder, at law or in equity, but in addition thereto, any purported assignment, transfer, mortgage, pledge, disposition or encumbrance in contravention of the provisions of this Section shall be null and void and of no force and effect, but this shall not impair any remedy of Landlord because of Master Tenant having engaged in any act prohibited by, or in contravention of, the terms hereof.

19.4 Notwithstanding the above, Master Tenant may sublet the whole or any portion of the Project without the necessity of obtaining Landlord's prior consent; provided, however, that no such subletting shall be valid unless such permitted subletting complies with the provisions herein set forth and with the Loan Documents. Without in any way limiting the rights and remedies of Landlord hereunder, but in addition thereto, any purported subletting in contravention hereof shall be null and void and of no force and effect and not thereby impair any right or remedy available to Landlord as the result of Master Tenant's having engaged in an act prohibited by, or in contravention of, the terms hereof, nor shall such permitted subletting relieve Master Tenant of any of Master Tenant's obligations hereunder and Master Tenant assumes and shall be responsible for and shall be liable to Landlord for all acts on the part of any present or future sublessee, which, if done by Master Tenant would constitute a Default hereunder. Notwithstanding anything contained herein to the contrary, in the event that Landlord is a DST, Master Tenant shall not have the right to enter into Subleases that extend beyond the Term of this Agreement. Notwithstanding anything contained herein to the contrary, in the event that Landlord is not a DST, Master Tenant shall have the right to enter into Subleases that extend beyond the Term of this Agreement without receiving the prior consent of Landlord so long as such Subleases comply with the following provisions:

19.4.1 Each Sublease shall be deemed by law subject and subordinate to this Agreement;

19.4.2 Each Sublease shall be with a bona-fide arm's length sublessee;

19.4.3 No Sublease shall 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 Project as reasonably determined by Master Tenant;

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19.4.4 The rental rate for each Sublease shall be at least at the market rate then prevailing for similar properties and leases in the market areas of the Project as reasonably determined by Master Tenant;

19.4.5 No Sublease shall have the rent paid thereunder calculated based on the net income of the subtenant; provided, however, that the rent may be calculated based on gross income of the subtenant; and

19.4.6 Each sublessee under the Sublease demonstrates sufficient credit worthiness to support the Sublease payments as reasonably determined by Master Tenant or the sublessee provides for (i) a sufficient security deposit or (ii) guarantee, all as reasonably determined by Master Tenant.

For proposed Subleases with terms that exceed the Term of this Agreement and do not comply with the above provisions, Master Tenant must obtain Landlord's prior approval.

19.5 Any such Sublease shall be accomplished in accordance with the Lender Requirements and, if a desired Sublease does not meet the terms of such requirements, Master Tenant shall not finalize such Sublease without obtaining, whether directly or indirectly through Landlord, the necessary consent to the form of such Sublease from the holder of the Permitted Mortgage.

19.6 Any application by Master Tenant for Landlord's written consent under any paragraph of this Section 19 shall be made in writing to Landlord.

19.7 Master Tenant hereby assigns to Landlord all rents due or to become due from any present or future sublessee, provided that so long as Master Tenant is not in Default hereunder, Master Tenant shall have the right to collect and receive such rents for Master Tenant's own uses and purposes. The effective date of Landlord's right to collect rents shall be the date of the happening of a Default under Section 20. Upon a Default, Landlord shall apply any net amount collected by Landlord from sublessees to the Rent due under this Agreement. No collection of rent by Landlord from an assignee of this Agreement or from a sublessee shall constitute a waiver of any of the provisions of this Section or an acceptance of the assignee or sublessee as a tenant or a release of Master Tenant from performance by Master Tenant of Master Tenant's obligations under this Agreement. Master Tenant without the prior consent of Landlord in writing, shall not directly or indirectly collect or accept any payment of subrent (exclusive of security deposits) under any sublease more than 1 month in advance of the date when the same shall become due.

19.8 Any attempted sublease or assignment in violation of the requirements of this Section 19 shall be null and void and, at the option of Landlord, shall constitute a Default by Master Tenant under this Agreement. To the extent consent is required, the giving of consent by Landlord in one instance shall not preclude the need for Master Tenant to obtain Landlord's consent to further sublettings or assignments under this Section 19. If Landlord's approval is required and obtained, Master Tenant or the prospective sublessee or assignee shall be responsible for preparing the appropriate documentation and shall reimburse Landlord for Landlord's reasonable costs and expenses in reviewing and approving the Sublease or assignment and related documentation.

19.9 If Master Tenant is in Default hereunder pursuant to Section 20.1.4 and Master Tenant elects to assume this Agreement and then proposes to assign the same pursuant to the provisions of the Bankruptcy Code, 11 U.S.C. Section 10.1 et seq. (the "Bankruptcy Code") to any person or entity who shall have made a bona fide offer to accept an assignment of this Agreement on terms acceptable to Master Tenant then notice of such proposed assignment, setting forth (i) the name and address of such person, (ii) all the terms and conditions of such offer, and (iii) the adequate assurances to be provided Landlord to ensure such person's future performance under this Agreement, including, without limitation, the assurances referred to in Section 365(b)(d) of the Bankruptcy Code, shall be given to Landlord by Master Tenant no later than twenty (20) days after receipt thereof by Master Tenant, but in any event no later than 10 days prior to the date that Master Tenant shall make application to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Landlord shall thereupon have the prior right and option to be exercised by notice to Master Tenant given at any time prior to the effective date of such proposed assignment, to accept an assignment of this Agreement upon the same terms and conditions and for the same consideration, if any, as the bona fide offer made by such person less any brokerage commissions which may be payable out of the consideration to be paid by such person for the assignment of this Agreement. Any and all monies or other consideration constituting Landlord's property under the preceding sentence not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and shall be promptly paid to or turned over to Landlord. Any person

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or entity to which this Agreement is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Agreement on and after the date of such assignment. Any such assignee shall upon demand execute and deliver to Landlord an instrument in form, scope and substance acceptable to Landlord, confirming such assumption.

19.10 Landlord may assign its rights under this Agreement to the Springing LLC without consent or approval of the Master Tenant ("Successor Landlord"). The Successor Landlord shall take such interest subject to this Agreement, and the assigning Landlord and Successor Landlord shall execute an agreement whereby (a) the assigning Landlord assigns to the Successor Landlord all of its right, title and interest in and to this Agreement; and (b) the Successor Landlord assumes and agrees to perform faithfully and to be bound by all of the terms, covenants, conditions, provisions and agreements of this Agreement with respect to the interest to be transferred. Upon execution of such assignment and assumption agreement, the assigning Landlord shall be relieved of all liability accruing after the effective date of the assignment with respect to the interest so assigned and, without further action by any party, the Successor Landlord shall become a party to this Agreement.

19.11 Every assignee and sublessee hereunder, if not a natural person, shall be formed and existing under the laws of a state, district or commonwealth of the United States of America.

19.12 Master Tenant shall not mortgage or otherwise encumber Master Tenant's interest in this Agreement without Landlord's consent.

20. Events of Default and Landlord's Remedies.

20.1 Each of the following shall be deemed a "Default" by Master Tenant, and after the occurrence of any of the following, Master Tenant shall be "in Default" under this Agreement:

20.1.1 A failure on the part of Master Tenant to pay any installment of Base Rent or Additional Rent on the date such Base Rent or Additional Rent becomes due (subject to Master Tenant's right to defer payment of Additional Rent pursuant to Section 4.2), which failure is not cured within 10 days after Landlord delivers written notice of such failure to Master Tenant;

20.1.2 A failure (i) on the part of Master Tenant, whether by action or inaction, to observe or perform any of the other terms, covenants or conditions of this Agreement, or (ii) of any material representation or warranty made by Master Tenant in this Agreement to be accurate in all material respects, which failure to observe or perform or to be accurate (or, in the case of an inaccurate representation or warranty, the adverse effect therefrom) is not cured within 30 days after Landlord delivers written notice of such failure to Master Tenant, provided, however, that if such failure (or, if applicable, adverse effect) is subject to cure but cannot be cured within such 30 day period, Master Tenant shall not be in Default hereunder if it promptly commences, and diligently pursues, the curing of such failure or adverse effect; provided further, however, that if such cure period shall exceed 90 days, and such Default is not the result of an affirmative act by Master Tenant, then Master Tenant shall thereafter be provided additional time to cure such Default. In the event that Master Tenant satisfies the standards for such additional time then Master Tenant shall provide Landlord with written notice advising Landlord of Master Tenant's reasonable estimate of the necessary cure period and Master Tenant shall thereafter provide Landlord, by way of monthly reports, the status of such cure. If Master Tenant fails to cure the failure within the originally estimated curative period, without reasonable cause, such failure shall constitute a "Default" hereunder. Notwithstanding the foregoing, Landlord, by written notice to Master Tenant, may limit the aggregate cure period to not more than 120 days;

20.1.3 The leasehold hereunder demised is taken on execution or other process of law in any action against Master Tenant;

20.1.4 If Master Tenant files a voluntary petition in bankruptcy or is adjudicated bankrupt or insolvent, or files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or any future applicable federal, state or other statute or law relative to bankruptcy, insolvency, or other relief for debtors, or seeks or consents to or acquiesces in the appointment of any trustee, receiver, conservator or liquidator of Master Tenant or of all or any substantial part of

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Master Tenant's properties or Master Tenant's interest in this Agreement; (the term "acquiesce" as used in this Section 20.1.4 includes, without limitation, the failure to file a petition or motion to vacate or discharge any order, judgment or decree within 5 days after entry of such order, judgment or decree); or a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Master Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act, or any other present or future applicable federal, state or other statute or law relating to bankruptcy, insolvency or other relief for debtors, and Master Tenant acquiesces in the entry of such order, judgment or decree or such order, judgment or decree remains unvacated and unstayed for an aggregate of 120 days (whether or not consecutive) from the date of entry thereof, or any trustee, receiver, conservator or liquidator of Master Tenant or of all or any substantial part of Master Tenant's property or Master Tenant's interest in this Agreement shall be appointed without the consent or acquiescence of Master Tenant and such appointment remains unvacated and unstayed for an aggregate of 120 days (whether or not consecutive);

20.1.5 If this Agreement or any estate of Master Tenant hereunder shall be levied upon under any attachment or execution and such attachment or execution is not vacated within 120 days;

20.1.6 If Master Tenant or Master Tenant's general partner or manager shall cause or institute any proceeding, or a final and non-appealable court order shall be issued, for the dissolution or termination of Master Tenant or Master Tenant's general partner or manager;

20.1.7 If Master Tenant makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of credits; or

20.1.8 If Master Tenant takes or fails to take any action which is in violation of the Lender Requirements and (i) such violation is not cured within any applicable cure periods under the Permitted Mortgage, and (ii) the obligation secured by any Permitted Mortgage is accelerated by reason thereof.

20.2 In the event of any Default by Master Tenant as hereinabove provided in this Section, Landlord shall have the option to pursue any one or more of the following remedies without any notice (except as otherwise specifically set forth herein) or demand for possession whatsoever: (i) with 10 days prior written notice, terminate this Agreement, in which event Master Tenant shall immediately surrender the Project to Landlord; (ii) with 10 days prior written notice, terminate Master Tenant's right to occupy and possess the Project and reenter and take possession of the Project (without terminating this Agreement); (iii) enter the Project and do whatever Master Tenant is obligated to do under the terms of this Agreement and Master Tenant agrees to reimburse Landlord on demand for any expenses which Landlord may incur in effecting compliance with Master Tenant's obligations under this Agreement, and Master Tenant further agrees that Landlord shall not be liable for any damages resulting to Master Tenant from such action; (iv) exercise its rights under Section 9.3 of this Agreement; and (v) exercise all other remedies available to Landlord at law or in equity, including, without limitation, injunctive relief of all varieties.

20.2.1 In the event that Landlord elects to terminate this Agreement, then, notwithstanding such termination, Master Tenant shall be liable for and shall pay to Landlord the sum of all Rent accrued to the date of such termination. In the event that Landlord elects to take possession of the Project and terminate Master Tenant's right to occupy the Project without terminating this Agreement, Landlord shall have the right to enforce all its rights and remedies under this Agreement, including the right to recover all Rent as it becomes due under this Agreement. In addition, Master Tenant shall be liable for and shall pay to Landlord on demand, an amount equal to (i) the reasonable and documented out-of-pocket costs of recovering possession of the Project, (ii) the reasonable and documented out-of-pocket costs of removing and storing Master Tenant's and any other occupant's (except for all permitted sublessees) property located therein, (iii) the reasonable and documented out-of-pocket costs of repairs to the Project accruing only during the period in which Master Tenant occupied the Project, and (iv) the reasonable and documented out-of-pocket costs of collecting any of the foregoing amounts from Master Tenant. Notwithstanding the foregoing, Landlord shall use reasonable efforts to mitigate all damages and costs resulting from any actions taken under this Agreement.

20.2.2 In the event Landlord elects to re-enter or take possession of the Project after Master Tenant's Default, Master Tenant hereby waives notice of such re-entry or repossession and of Landlord's intent to re-enter or retake possession. Landlord may, without prejudice to any other remedy which Landlord may have, expel or remove Master Tenant and any other person who may be occupying said Project or any part thereof (other than any

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sublessee under a Sublease). All of Landlord's remedies shall be cumulative and not exclusive. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of Default shall not be deemed or construed to constitute a waiver of such Default.

20.2.3 This Section shall be enforceable to the maximum extent not prohibited by applicable law, and the unenforceability of any portion thereof shall not thereby render unenforceable any other portion. No act by Landlord or Landlord's agents during the Term of this Agreement shall be deemed an acceptance of an attempted surrender of the Project, and no agreement to accept a surrender of the Project shall be valid unless made in writing and signed by Landlord. No re-entry or taking of possession of the Project by Landlord shall be construed as an election on Landlord's part to terminate this Agreement unless a written notice of such termination is given to Master Tenant.

20.2.4 Damages under this Section 20.2 shall be the following:

(i) the amount of any rent deficiency, to the extent that the payment of rent by the sublessees is deficient to pay the Base Rent and Additional Rent, all reasonable and documented legal expenses and other related reasonable and documented out-of-pocket costs incurred by Landlord following Master Tenant's Default,

(ii) all reasonable and documented out-of-pocket costs incurred by Landlord in restoring the Project to good order and condition; and

(iii) any other damages available to Landlord under applicable law.

20.3 If Landlord shall enter into and repossess the Project by reason of the Default of Master Tenant in the performance of any of the terms, covenants or conditions herein contained, then in that event Master Tenant hereby covenants and agrees that Master Tenant shall not claim the right to redeem or re-enter the Project or restore the operation of this Agreement, and Master Tenant hereby waives any right to such redemption and re-entry under any present or future law, and does hereby further, for any party claiming through or under Master Tenant, expressly waive its right, if any, to make payment of any sum or sums of rent, or otherwise, of which Master Tenant shall have been in Default under any of the covenants of this Agreement, and to claim any subrogation to the rights of Master Tenant under this Agreement, or any of the covenants thereof, by reason of such payment.

20.4 No receipt of monies by Landlord from Master Tenant after the termination or cancellation of this Agreement in any lawful manner shall reinstate, continue or extend the Term of this Agreement, or affect any notice given to Master Tenant, or operate as a waiver of the right of Landlord to enforce the payment of Base Rent or Additional Rent then due, or operate as a waiver of the right of Landlord to recover possession of the Project by proper suit, action, proceeding or remedy: it being agreed that, after the service of notice to terminate or cancel this Agreement, or the commencement of suit, action or summary proceedings, or any other remedy, or after a final order or judgment for the possession of the Project, Landlord may demand, receive and collect any monies due, without in any manner affecting such notice, proceeding, suit, action, order or judgment; and any and all such monies collected shall be deemed to be payment on account of the use and occupation or Master Tenant's liability hereunder.

20.5 The failure of Landlord to insist in any one or more instances upon a strict performance of any of the covenants of this Agreement, or to exercise any option herein contained, shall not be construed as a waiver of or relinquishment for the future of the performance of such a covenant, or the right to exercise such option, but the same shall continue and remain in full force and effect. The receipt by Landlord of Base Rent or Additional Rent, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision hereof shall be deemed to have been made unless expressed in writing and signed by Landlord.

20.6 All the rights and remedies herein given to Landlord for the recovery of the Project because of the Default by Master Tenant in the payment of any sums which may be payable pursuant to the terms of this Agreement, or the right to re-enter and take possession of the Project upon the happening of any event of Default, or the right to maintain any action for rent or damages and all other rights and remedies allowed at law or in equity, are hereby

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reserved and conferred upon Landlord as distinct, separate and cumulative rights and remedies, and no one of them, whether exercised by Landlord or not, shall be deemed to be in exclusion of any of the others.

21. Hazardous Substances.

21.1 Master Tenant hereby represents, warrants, covenants and agrees to and with Landlord that all operations or activities upon, or any use or occupancy of the Project, or any portion thereof, by Master Tenant, and any tenant, subtenant or occupant of the Project, or any portion thereof, shall throughout the Term of this Agreement be in all material respects in compliance with all existing and future federal, state and local laws and regulations governing, or in any way relating to the generation, handling, manufacturing, treatment, storage, use, transportation, spillage, leakage, dumping, discharge or disposal of any hazardous or toxic substances, materials or wastes ("Hazardous Substances"), including, but not limited to, those substances, materials, or wastes now or hereafter listed in the United States Department of Transportation Hazardous Materials Table at Section 49 CFR 172.101 or by the Environmental Protection Agency in Section 40 CFR Part 332 and amendments thereto, or such substances, materials or wastes otherwise now or hereafter regulated under any applicable federal, state or local law.

21.2 For the purposes of this Section, "PCB" shall include all substances included under the definition of PCB in 40 CFR Section 761.3. Master Tenant hereby represents, warrants, covenants and agrees to and with Landlord that, to the best of Master Tenant's knowledge, (i) there is not present upon the Project, or any portion thereof, or contained in any transformers or other equipment thereon, any PCB's, and (ii) Master Tenant shall throughout the Term of this Agreement not permit to be present upon the Project, or any portion thereof, or contained in any transformers or other equipment thereon, any PCB's.

21.3 Master Tenant hereby represents, warrants, covenants and agrees to and with Landlord that, to the best of Master Tenant's knowledge and except as disclosed to Landlord prior to the date hereof, (i) there is not present upon the Project, or any portion thereof, any asbestos or any structures, fixtures, equipment or other objects or materials containing asbestos, and (ii) Master Tenant shall throughout the Term of this Agreement not permit to be present upon the Project, or any portion thereof, any asbestos or any structures, fixtures, equipment or other objects or materials containing asbestos.

21.4 Master Tenant agrees to indemnify, protect, defend (with counsel approved by Landlord) and hold Landlord, and the directors, officers, shareholders, partners, members, employees and agents of Landlord, harmless from and against any and all claims (including, without limitation, third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including, without limitation, informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including, without limitation, sums paid in settlement of claims), losses, including, without limitation, reasonable attorneys' fees and expenses (including, without limitation, any such fees and expenses incurred in enforcing this Agreement or collecting any sums due hereunder), consultant fees and expert fees, together with all other costs and expenses of any kind or nature (collectively, the "Hazardous Substances Costs") that arise directly or indirectly from or in connection with the presence or release of any Hazardous Substances in or into the air, soil, surface water, groundwater or soil vapor at, on, under, over or within the Project, or any portion thereof from and after the Commencement Date and otherwise during the Term as a result of Master Tenant's gross negligence. In the event Landlord shall suffer or incur any such Hazardous Substances Costs, Master Tenant shall pay to Landlord the total of all such Hazardous Substances Costs suffered or incurred by Landlord upon demand therefor by Landlord. Without limiting the generality of the foregoing, the indemnification provided by this Section shall specifically cover all Hazardous Substances Costs, including, without limitation, capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions, any clean-up, containment, remedial, removal or restoration work required or performed by any federal, state or local governmental agency or political subdivision or performed by any nongovernmental entity or person because of the presence or release of any Hazardous Substances in or into the air, soil, groundwater, surface water or soil vapor at, on, under, over or within the Project (or any portion thereof), as well as any claims of third parties for loss or damage due to such Hazardous Substances. In addition, the indemnification provided by this Section shall include, without limitation, all liability, loss and damage sustained by Landlord due to any Hazardous Substances that migrate, flow, percolate, diffuse or in any way move onto, into or under the air, soil, groundwater, surface water or soil vapor at, on, under, over or within the Project (or any portion thereof) after the date of this Agreement, provided, however, that the provisions of this Section shall not apply to Hazardous Substances Costs associated with the release, discharge, disposal, dumping, spilling or leaking onto the Project of Hazardous Substances occurring (i) as a result of the

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negligence or willful misconduct of any or all of Landlord and its agents, contractors, employees, officers or directors, (ii) at any time when Landlord or its agent is in control, or has taken possession of, the Project or (iii) after the expiration of this Agreement (collectively, "Landlord Environmental Costs"). Landlord agrees to indemnify, protect, defend (with counsel approved by Master Tenant) and hold Master Tenant, and the directors, officers, shareholders, partners, members, employees and agents of Master Tenant, harmless from and against any and all Landlord Environmental Costs.

21.5 In the event any investigation or monitoring of site conditions or any clean-up, containment, restoration, removal or other remedial work (collectively the "Remedial Work") is required under any applicable federal, state or local law or regulation, by any judicial order, or by any governmental entity, Master Tenant shall perform or cause to be performed the Remedial Work in compliance with such law, regulation, order or agreement. All Remedial Work shall be performed by one or more contractors all of whom shall have all necessary licenses and expertise to perform such work. The contractor or contractors (selected by Master Tenant) shall perform the Remedial Work under the supervision of an environmental consulting engineer, selected by Master Tenant and approved in advance in writing by Landlord. All costs and expenses of such Remedial Work shall be paid by Master Tenant to the extent arising during the Term or from facts occurring during the Term or, if otherwise, by Landlord, including, without limitation, the charges of such contractor(s) and/or the environmental consulting engineer (excluding specifically, however, Landlord's attorneys' fees and expenses incurred in connection with monitoring or review of such Remedial Work). In the event Master Tenant shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Landlord may, but shall not be required to, cause such Remedial Work to be performed, and all costs and expenses thereof, or incurred in connection therewith, shall be Hazardous Substances Costs within the meaning this Section. All such Hazardous Substances Costs shall be due and payable upon demand therefor by Landlord.

21.6 Landlord reserves the right, to be exercised from time to time during the Term of this Agreement, to inspect or cause Landlord's contractors and/or environmental consulting engineers to inspect the Project in order to confirm that no Hazardous Substances are located on, in or under any portion of the Project, provided, however, that Landlord or its contractor or engineer, as applicable, shall have provided evidence of insurance satisfactory to Master Tenant with respect to any actions taken on the Project. The fees and expenses incurred by Landlord with respect to said inspections shall be paid by Landlord. If any Hazardous Substances are discovered by said inspection to be located on, in or under the Project, Master Tenant shall, at Master Tenant's sole cost and expense if they arise during the Term or from facts occurring during the Term or otherwise at Landlord's sole cost and expense, (and in addition to Master Tenant's other obligations and liabilities under this Section): (i) forthwith have all such Hazardous Substances removed from the Project if and to the extent required by applicable laws, ordinances, rules and regulations, (ii) dispose of all Hazardous Substances so required to be removed in accordance with all applicable laws, ordinances, rules and regulations, and (iii) restore the Project, provided, however, that the provisions of this Section shall not apply to release, discharge, disposal, dumping, spilling or leaking onto the Project of Hazardous Substances occurring (i) as a result of the negligence or willful misconduct of any or all of Landlord and its agents, contractors, employees, officers or directors, (ii) at any time when Landlord or its agent is in control, or has taken possession of, the Project or (iii) after the expiration of this Agreement, all of which shall be the responsibility of Landlord. Nothing contained in this Section 21.6 shall be deemed or construed to amend, modify or replace any other obligation of Master Tenant set forth in this Section 21.

21.7 Each of the covenants, agreements, obligations, representations and warranties of Master Tenant set forth in this Section shall survive the expiration or sooner termination of this Agreement.

22. Subordination.

22.1 Master Tenant and Landlord agree that this Agreement shall be subject and subordinate at all times to the terms and conditions and provisions of the Loan Documents and the lien of any Permitted Mortgage. In the event that Lender forecloses on Landlord's interest in the Project or accepts a deed in lieu of foreclosure from Landlord as a result of Landlord's default, then, at Lender's election, this Agreement shall be terminated and Master Tenant shall not be deemed to, or have any right to, attorn to Lender.

22.2 Master Tenant acknowledges and agrees that its leasehold rights created by this Agreement are intended to be subject and subordinate to, and constitute an integral component of, the financing that is secured by a

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Permitted Mortgage. Master Tenant agrees, in consideration of Landlord's commitment to enter into this Agreement, and the grant of the related rights to Master Tenant hereunder, to execute certain of the Loan Documents comprising, and to subordinate its interest in certain of its assets to the interest of Lender under a Permitted Mortgage. Landlord and Master Tenant agree that Master Tenant shall subordinate its interests in such assets, as described in the applicable Loan Documents, to any of the foreclosure rights held by Lender under a Permitted Mortgage arising in, from and under such Loan Documents, whether or not such foreclosure arises from any default caused by Master Tenant's actions or inactions, it being the express understanding of Landlord and Master Tenant, after due negotiation, to have Master Tenant's interest in such assets subordinated to the rights of Lender under the Permitted Mortgage for all purposes. In furtherance of the foregoing, Master Tenant acknowledges and agrees, and further consents to, the assignment by Landlord of Landlord's interest in and to this Agreement pursuant to the Loan Documents, including the rights of Landlord to enforce the provisions of this Section.

23. General Provisions.

23.1 This Agreement shall not be affected by any laws, ordinances or regulations, whether federal, state, county, city, municipal or otherwise, which may be enacted or become effective from and after the date of this Agreement affecting or regulating or attempting to affect or regulate the Rent herein reserved or continuing in occupancy Master Tenant or any sublessees or assignees of Master Tenant's leasehold interest in the Project beyond the dates of termination of their respective leases, or otherwise.

23.2 Title headings are inserted for convenience only, and do not define or limit, and shall not be used to construe, any Section or section to which they relate.

23.3 The acceptance by Landlord of a check or checks drawn by others than Master Tenant shall in no way affect Master Tenant's liability hereunder nor shall it be deemed an approval of any assignment of this Agreement or any sublease of all or a part of the Project not consented to by Landlord or an approval of Master Tenant not complying with any covenant of this Agreement.

23.4 This Agreement (including the attached Exhibits) contains the entire agreement between the parties regarding the subject matter hereof, and any agreement hereafter made shall not operate to change, modify or discharge this Agreement in whole or in part unless such agreement is in writing and signed by the party sought to be charged therewith.

23.5 Landlord and Master Tenant shall each, without charge, at any time and from time to time, promptly after request by the other party, certify by written instrument, duly executed, acknowledged and delivered, to the other party or any person, firm or corporation specified by the other party:

23.5.1 that this Agreement is unmodified and in full force and effect or, if there have been any modifications, that the same is in full force and effect as modified and stating the modifications;

23.5.2 whether or not there are then existing any set-offs or defenses against the enforcement of any of the agreements, terms, covenants or conditions hereof and any modifications thereof upon the part of Master Tenant to be performed or complied with, and, if so, specifying the same;

23.5.3 the dates, if any, to which the Rent and other charges hereunder have been paid; and

23.5.4 the Rent.

23.6 The term "Landlord" as used in this Agreement means only the party(ies) that have executed this Agreement as Landlord as of the date hereof and their respective successors and assigns including but not limited to any Successor Landlord. So long as this Agreement survives any such transfer and Master Tenant's rights and obligations hereunder are not materially adversely affected (or this Agreement terminated pursuant to Section 3.8), Landlord may, subject to any other restrictions under applicable law or other agreements governing the interests of the owners, including any Permitted Mortgage, sell, exchange, assign, mortgage or otherwise encumber, convey or transfer its fee interest in the Project or some or all of its interest in this Agreement during the term of this Agreement;

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provided that such assignee shall execute and deliver an instrument providing for an assignment and assumption of this Agreement. Any such successor or assign of Landlord shall be deemed a permitted Successor Landlord.

23.7 Any notice, demand, request or other communication which may be permitted, required or desired to be given in connection herewith shall be given in writing and directed to Landlord and Master Tenant as follows:

Landlord:	BR 79 West, DST c/o Bluerock Real Estate, L.L.C. 1345 Avenue of the Americas, 32nd Floor, Suite B New York, NY 10105
Master Tenant:	BR 79 West Leaseco, LLC c/o Bluerock Real Estate, L.L.C. 1345 Avenue of the Americas, 32nd Floor, Suite B New York, NY 10105

Notices shall be deemed properly delivered and received (i) the same day when personally delivered; (ii) one business day after timely deposit for delivery the next business day with Federal Express or another nationally recognized commercial overnight courier, charges prepaid; (iii) the same day when sent by confirmed facsimile; or (iv) three business days after deposit in the United States mail, postage prepaid. Any party may change its address for delivery of notices by properly notifying the others pursuant to this Section. The parties hereto hereby authorize their respective attorneys to give notices on their behalf.

23.8 Master Tenant, upon paying the Rent due hereunder and performing the other terms, provisions and covenants of this Agreement on Master Tenant's part to be performed, shall, and may, at all times during the Term of this Agreement peaceably and quietly have, hold and enjoy the Project, subject to the terms hereof.

23.9 In the event of a merger, consolidation, acquisition, sale or other disposition involving Master Tenant or all or substantially all the assets of Master Tenant to one or more other entities, in addition to the other requirements set forth in this Agreement, the surviving entity or transferee of assets, as the case may be, shall: (i) be formed and existing under the laws of a state, district or commonwealth of the United States of America, and (ii) deliver to Landlord an acknowledged instrument in recordable form assuming all obligations, covenants and responsibilities of Master Tenant under this Agreement and under any instrument executed by Master Tenant relating to the Project or this Agreement.

23.10 This Agreement shall be construed and enforced in accordance with the laws of the State in which the Project is located without regard to any applicable conflicts of laws principles that would require the application of the law of any other jurisdiction and venue with respect to any action to construe or enforce this Agreement shall be laid in the State where the Project is located.

23.11 There shall be no merger of this Agreement or Master Tenant's leasehold estate with the Landlord's fee estate in the Project by reason of the fact that the same person acquires or holds, directly or indirectly, this Agreement of the leasehold estate or any interest therein as well as any of the fee estate in the Project. The initial Landlord and Master Tenant specifically waive and disclaim any merger of the fee and leasehold estates in the Project, it being their intention to hold separate and independent estates in the Project pursuant to this Agreement.

23.12 This Agreement may be executed in two or more counterparts, and all such counterparts shall be deemed to constitute but one and the same instrument.

23.13 Any consent granted by a party under this Agreement shall not constitute a waiver of the requirement for consent in subsequent cases. Where Landlord's consent is required, Master Tenant shall be required to obtain further consent in each subsequent instance as if no consent had been given previously.

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23.14 Except as otherwise provided herein in the event of any action or proceeding at law or in equity between Landlord and Master Tenant including, without limitation, an action or proceeding between Landlord and the trustee or debtor in a proceeding under the Bankruptcy Code to enforce any provision of this Agreement or to protect or establish any right or remedy of either Landlord or Master Tenant hereunder, the unsuccessful party to such action or proceeding shall pay to the prevailing party all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred in such action or proceeding and in any appeal in connection therewith by such prevailing party, whether or not such action, proceeding or appeal is prosecuted to judgment or other final determination, together with all costs of enforcement and/or collection or any judgment or other relief. The term "prevailing party" shall include, without limitation, a party who obtains legal counsel or brings an action against the other by reason of the other's breach or default and obtains substantially the relief sought, whether by compromise, settlement or judgment. If such prevailing party shall recover judgment in any such action, proceeding or appeal, such costs, expenses and attorneys' fees and expenses shall be included in and as a part of such judgment, together with all costs of enforcement and/or collection of any judgment or other relief.

23.15 Each provision of this Agreement shall be separate and independent and the breach of any provision by Landlord shall not discharge or relieve Master Tenant from any of Master Tenant's obligations, except to the extent Master Tenant has duly performed any such obligations of Master Tenant. Each provision shall be valid and shall be enforceable to the extent not prohibited by law. If any provision or its application to any persons or circumstance shall be invalid or unenforceable, the remaining provisions, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected. Subject to Section 23.6, all provisions contained in this Agreement shall be binding upon, inure to the benefit of, and shall be enforceable by the successors and assigns of Landlord to the same extent as if each such successor and assign were named as a party to this Agreement. Subject to Section 19, all provisions contained in this Agreement shall be binding upon the successors and assigns of Master Tenant and shall inure to the benefit of and be enforceable by the successors and assigns of Master Tenant, in each case to the same extent as if each such successor and assign were named as a party.

23.16 The relationship of the parties to this Agreement is landlord and tenant. Landlord is not a partner or joint venturer with Master Tenant in any respect or for any purpose in the conduct of Master Tenant's business or otherwise.

23.17 It is expressly agreed that this Agreement shall not be recorded in any public office, however, at Master Tenant's or Landlord's option, simultaneously with the execution of this Agreement, the parties shall execute and acknowledge a memorandum of this Agreement (together with any affidavit or other instrument required in connection therewith) which shall be recorded. Within 10 days following the expiration or sooner termination of this Agreement, Master Tenant shall execute and deliver to Landlord an instrument, in recordable form, confirming the termination of this Agreement which instrument, at Landlord's option, may be placed of record in the real estate title records in the county in which the Project are located and the cost of recording such instrument shall be shared equally by Landlord and Master Tenant. Master Tenant's obligations under the immediately preceding sentence hereof shall survive the expiration or sooner termination of this Agreement.

23.18 Each person executing this Agreement on behalf of Landlord does hereby represent and warrant that: (a) Landlord is duly organized and in good standing in the State of its organization and, if different, qualified to do business and in good standing in the State in which the Project is located, (b) Landlord has full lawful right and authority to enter into this Agreement and to perform all its obligations hereunder, and (c) each person (and all of the persons if more than one signs) signing this Agreement on behalf of Landlord is duly and validly authorized to do so. Master Tenant may, upon any failure by Landlord, pay directly to the applicable governmental authorities, any recurring organizational expenses and complete any recurring organizational filings, for and on behalf of Landlord which are necessary to maintain the organizational existence of Landlord.

23.19 Each person executing this Agreement on behalf of Master Tenant does hereby represent and warrant that: (a) Master Tenant is duly organized and in good standing in the State of its organization and, if different, qualified to do business and in good standing in the State in which the Project is located, (b) Master Tenant has full lawful right and authority to enter into this Agreement and to perform all of its obligations hereunder, and (c) each person signing this Agreement on behalf of Master Tenant is duly and validly authorized to do so.

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23.20 Except with respect to a default or breach under Section 23.6, Master Tenant shall look solely to Landlord's interest in the Project (including any proceeds from the sale thereof and all insurance proceeds and condemnation awards relating thereto) for the recovery of any judgment against Landlord on account of Landlord's breach of any of Landlord's covenants or obligations under this Agreement. Except with respect to a default or breach under Section 23.6, Landlord, and the directors, officers, trustees, partners, members, owners, employees and agents of Landlord, shall never have any personal liability for any breach of any covenant or obligation of Landlord under this Agreement and no recourse shall be had or be enforceable against the assets of Landlord other than the interest of Landlord in the Project (including any proceeds from any sale or transfer thereof and all insurance proceeds and condemnation awards relating thereto) for payment of any sums due to Master Tenant or enforcement of any other relief based upon any claim made by Master Tenant for breach of any of Landlord's covenants or obligations under this Agreement. Master Tenant's right to recover for a breach or default under Section 23.6 shall not be limited or restricted in any way and, with respect to any such breach or default under Section 23.6, Master Tenant shall have the right to pursue any and all remedies available to Master Tenant against Landlord or its members and managers.

23.21 At least as frequently as at the end of each calendar quarter during the Term of this Agreement, Master Tenant shall deliver to Landlord, (i) an operating statement with respect to the Project for such quarter, (ii) a rent roll as of the last day of such quarter setting forth each Sublease of the Project, the rent payable under each such Sublease and the expiration date of each such Sublease, and (iii) a report describing any structural alterations that have been made to the Project during such quarter. Master Tenant shall also provide to Landlord such other reports with respect to the Project as may be required under any Permitted Mortgage. Landlord agrees that any information provided to it pursuant to this Section shall remain confidential and shall not, except as otherwise required by applicable law or judicial order, be disclosed to anyone except (i) Landlord's employees, attorneys and financial consultants (ii) any potential purchasers of the Project, (iii) any potential lender associated with any possible refinancing of the loan secured by a Permitted Mortgage, and (iv) to the extent required under a Permitted Mortgage, to the holder of the Permitted Mortgage.

24. Indemnification by Master Tenant.

24.1 Master Tenant shall indemnify, defend and hold Landlord and its shareholders, officers, directors and employees harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including reasonable attorneys' fees and court costs, sustained or incurred by or asserted against Landlord by reason of the acts of Master Tenant which arise out of the gross negligence, willful misconduct or fraud of Master Tenant, its agents or employees or Master Tenant's breach of this Agreement. If any person or entity makes a claim or institutes a suit against Landlord on a matter for which Landlord claims the benefit of the foregoing indemnification, then (a) Landlord shall give Master Tenant prompt notice thereof in writing; (b) Master Tenant may defend such a claim or action by counsel of its own choosing provided such counsel is reasonably satisfactory to Landlord; and (c) neither Landlord nor Master Tenant shall settle any claim without the other's written consent.

24.2 Master Tenant acknowledges that Landlord may enter into Loan Documents, which may include provisions for personal liability for Landlord on certain "nonrecourse carve-outs." Master Tenant hereby agrees that to the extent that Landlord is required to make payments on such indemnification as a direct result of (i) Master Tenant's fraud, willful misconduct or misappropriation, (ii) Master Tenant's commission of a criminal act, (iii) the misapplication by Master Tenant of any funds derived from the Project received by Master Tenant, including any failure to apply such proceeds in accordance with Lender Requirements, or (iv) damage or destruction to the Project caused by acts of Master Tenant that are grossly negligent, Master Tenant will indemnify Landlord for any such liability that was caused by such actions.

25. Jurisdiction and Venue. Each party consents to the exclusive jurisdiction of the Federal and state courts for which the Project is situated in connection with any action arising out of or based on this Agreement and the transactions contemplated by this Agreement.

26. Waiver of Jury Trial. Landlord and Master Tenant hereby each waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Agreement, the relationship of Landlord and Master Tenant, Master Tenant's

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use or occupancy of said Project, or any claim or injury or damage (to the extent such waiver is enforceable by law in such circumstance), and any emergency statutory or any other statutory remedy.

27. Easements; Estoppels; Attornment.

27.1 Master Tenant agrees that Landlord shall have the right, at one or more times during the Term to grant public utility easements, over, under or across the Project; provided, however, that such grants do not unreasonably interfere with Master Tenant's development or use of the Project, such easements are located in the landscaped area of the Project and are at no additional cost or expense to Master Tenant. The parties shall mutually cooperate in fixing the exact location in the future of such items.

27.1.1 Estoppel Certificates. Master Tenant agrees that within twenty (20) days after request by Landlord, to execute, acknowledge and deliver to and in favor of any proposed Lender or purchaser of the Project, an estoppel certificate stating: (i) whether this Agreement is in full force and effect; (ii) whether this Agreement has been modified or amended and, if so, identifying and describing any such modification or amendment; (iii) the commencement and expiration dates of this Agreement; (iv) whether Master Tenant is in possession of the Project and open and operating the Project; (v) the date to which rent and any other charges have been paid; (vi) whether Master Tenant or any guarantor of the Lease is presently the subject of any proceeding pursuant to the United States Bankruptcy Code of 1978, as amended; (vii) whether such party knows of any default on the part of the other party or has any claim against the other party and, if so, specifying the nature of such default or claim; (viii) whether Master Tenant is entitled to any credits, reductions, offsets, defenses, free rent, rent concessions or abatements of rent under the Lease or otherwise against the payment of rent or other charges under this Agreement; and (ix) any other reasonable information that may be required in the estoppel.

27.1.2 Attornment by Master Tenant. Master Tenant shall, in the event any proceedings are brought for the foreclosure of, or in the event of the exercise of the power of sale under, any Permitted Mortgage prior in lien to this Agreement made by Landlord, attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Agreement, provided such purchaser assumes in writing Landlord's obligations under this Agreement, subject to the terms of any nondisturbance agreement between Master Tenant and the holders of the Permitted Mortgage.

28. Coordination with Loan Documents. In the event of conflict, this Agreement shall be subordinate to the terms and conditions set forth in the Loan Documents relating to Master Tenant. Notwithstanding anything to the contrary in this Agreement, Master Tenant shall comply with the representations, warranties, covenants and other requirements of the Loan Documents relating to Master Tenant, as set forth in the Loan Documents.

29. Time is of the essence. Time is of the essence for each and every provision of this Agreement.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, Landlord and Master Tenant have hereunto set their respective hands the day and year first above written.

MASTER TENANT:

BR 79 West Leaseco, LLC, a Delaware limited liability company

By: BR 79 West Leaseco Manager, LLC, a Delaware limited liability company, its Manager

By:_____
Name: Jordan Ruddy
Title: Authorized Signatory

LANDLORD:

BR 79 West, DST, a Delaware Statutory Trust

By: BR 79 West DST Manager, LLC, a Delaware limited liability company, its Manager

By:_____
Name: Jordan Ruddy
Title: Authorized Signatory

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EXHIBIT A

RENT

Lease Period	Base Rent	Gross Revenue Additional Rent Breakpoint	Additional Rent Annual Maximum	Gross Revenue Supplemental Rent Breakpoint	Projected Supplemental Rent
2022 (11 months)	$1,205,153	$3,328,000	$1,570,250	$4,898,000	$2,307
2023	$1,317,009	$3,720,000	$1,854,200	$5,574,000	$50,721
2024	$1,320,617	$3,810,000	$1,854,200	$5,664,000	$250,785
2025	$1,317,009	$3,960,000	$1,854,200	$5,814,000	$279,142
2026	$1,317,009	$4,080,000	$1,854,200	$5,934,000	$338,395
2027	$1,317,009	$4,180,000	$1,854,200	$6,034,000	$420,856
2028	$1,320,617	$4,300,000	$1,854,200	$6,154,000	$490,554
2029	$1,981,948	$4,920,000	$1,854,200	$6,774,000	$115,649
2030	$2,040,101	$5,070,000	$1,854,200	$6,924,000	$169,304
2031	$2,040,101	$5,160,000	$1,854,200	$7,014,000	$282,689
2032 (1 month)	$170,008	$430,000	$154,517	$585,000	$31,498

For purposes of the table above "Base Rent" consists of the Annual Note Payments for each year. The term "Annual Note Payments" shall mean the aggregate annual principal and interest payments, falling due during each lease year under the Loan Documents, or under such other mortgage financing to which the Project may be subject, but not including any balloon payments due thereunder. Not depicted in Exhibit A above, rent for the final three months of the Term shall be at the same rate as Year 2032. Projected Supplemental Rent represents the Landlord's estimate as of the date hereof, but is not a contractual obligation.

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EXHIBIT B

LAND – LEGAL DESCRIPTION

The land referred to herein below is situated in the County of Bay, State of FL, and described as follows:

Parcel 1:

Building A including all Parking Areas and Common Areas

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot R/W and the Westerly Boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1,972.97 feet; thence North 89° 05' 44" West, a distance of 434.70 feet; thence North 09° 56' 28" East, a distance of 63.84 feet to the Point of Beginning; thence South 89° 05' 44" East, a distance of 45.00 feet to a point of curve to the right having a radius of 41.00 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc a distance of 42.22 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 40.38 feet to a point of reverse curve to the left having a radius of 6.50 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc, a distance of 6.69 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 6.40 feet; thence South 89° 05' 44" East, a distance of 15.40 feet; thence South 00° 54' 16" West, a distance of 7.50 feet; thence South 89° 05' 44" East, a distance of 229.98 feet to a point of curve to the left having a radius of 51.50 feet and a central angle of 90° 02' 43"; thence Northeasterly along the arc a distance of 80.94 feet, having a chord bearing of North 45° 52' 54" East and a chord distance of 72.86 feet; thence North 00° 51' 33" East, a distance of 382.31 feet to a point of curve to the left having a radius of 21.50 feet and a central angle of 51° 19' 04"; thence Northwesterly along the arc a distance of 19.26 feet, having a chord bearing of North 24° 47' 59" West and a chord distance of 18.62 feet to a point of reverse curve to the right having a radius of 22.5 feet and a central angle of 51° 19' 04"; thence Northwesterly along the arc a distance of 20.15 feet, having a chord bearing of North 24° 47' 59" West and a chord distance of 19.49 feet; thence North 00° 51' 33" East a distance of 45.11 feet; thence North 89° 08' 27" West, a distance of 237.17 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 89° 09' 22" East a radial distance of 10.99 feet; thence Southeasterly along the arc, through a central angle of 89° 59' 05", a distance of 17.26 feet, having a chord bearing of South 44° 08' 55" East and a chord distance of 15.54 feet; thence South 89° 08' 27" East, a distance of 7.77 feet; thence South 00° 51' 33" West a distance of 20.01 feet; thence North 89° 08' 27" West, a distance of 8.92 feet; thence South 45° 51' 33" West a distance of 14.23 feet; thence South 14° 04' 46" East, a distance of 9.47 feet; thence South 76° 13' 02" West, a distance of 16.21 feet; thence South 45° 51' 33" West, a distance of 121.43 feet to a point of curve to the right having a radius of 4.19 feet and a central angle of 164° 55' 31"; thence Northwesterly along the arc a distance of 12.06 feet, having a chord bearing of North 51° 40' 42" West and a chord distance of 8.30 feet; thence North 30° 47' 04" East a distance of 13.32 feet to a point of curve to the left having a radius of 17.91 feet and a central angle of 94° 58' 29"; thence Northerly along the arc a distance of 29.69 feet. having a chord bearing of North 16° 42' 17" West and a chord distance of 26.40 feet to the beginning of a curve to the right of which the radius point lies North 25° 48' 33" East, a radial distance of 59.79 feet; thence Northwesterly along the arc, through a central angle of 14° 28' 48", a distance of 15.11 feet, having a chord bearing of North 56° 57' 06" West and a chord distance of 15.07 feet to a point of reverse curve to the left having a radius of 14.24 feet and a central angle of 39° 00' 50"; thence Westerly along the arc a distance of 9.70 feet, having a chord bearing of North 69° 13' 10" West and a chord distance of 9.51 feet; thence South 00 6 51’33" West a distance of 395.32 feet to the Point of Beginning.

Building B including all Parking Areas and Common Areas

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot R/W and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1427.13 feet; thence North 89° 08' 27" West a distance of 58.49 feet to the point of beginning; thence North 00° 51' 33" East, a distance of 45.11 feet to a point of curve to the right having a radius of 22.00 feet and a central angle of 49° 42' 25"; thence Northeasterly along the arc a distance of 19.09 feet, having a chord bearing of North 26° 45' 31" East and a chord distance of 18.49 feet to a point of reverse curve to the left having a radius of 22.00 feet and a central angle of 51° 53' 25"; thence Northeasterly along the arc, a distance of 19.92 feet, having a

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chord bearing of North 26° 48' 15" East and a chord distance of 19.25 feet; thence North 00° 51' 33" East a distance of 324.94 feet; thence North 89° 08' 27" West, a distance of 463.24 feet; thence South 00° 51' 33" West, a distance of 307.92 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 01° 09' 24" West a radial distance of27.54 feet; thence Northeasterly along the arc, through a central angle of 47° 33' 39", a distance of 22.86 feet, having a chord bearing of North 65° 03' 47" East and a chord distance of 22.21 feet to a point of compound curve to the left having a radius of 14.00 feet and a central angle of 74° 21' 08"; thence Northerly along the arc, a distance of 18.17 feet, having a chord bearing of North 04° 06' 23" East and a chord distance of 16.92 feet to a point of reverse curve to the right having a radius of 66.00 feet and a central angle of 14° 40' 23"; thence Northwesterly along the arc, a distance of 16.90 feet, having a chord bearing of North 25° 42' 35" West and a chord distance of 16.86 feet; thence North 71° 36' 15" East a distance of 0.01 feet to the point of curve of a non-tangent curve to the right of which the radius point lies North 71° 36' 15" East, a radial distance of 4.58 feet; thence Northeasterly along the arc, through a central angle of 154° 24' 42"; thence Northeasterly along the arc, a distance of 12.35 feet, having a chord bearing of North 58° 43' 02" East and a chord distance of 8.94 feet; thence South 44° 08' 27" East a distance of 157.64 feet; thence South 89° 08' 27" East a distance of 95.88 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence North 89° 08' 27" West a distance of 7.77 feet to a point of curve to the left having a radius of 10.99 feet and a central angle of 90° 00' 55"; thence Southwesterly along the arc a distance of 17.27 feet, having a chord bearing of South 45° 51' 05" West and a chord distance of 15.55 feet; thence South 89° 08' 27" East a distance of 237.17 feet to the Point of Beginning.

Parcel 2:

Tract I

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1,972.97 feet; thence North 89° 05' 44" West, a distance of 434.70 feet; thence North 09° 58' 12" East, a distance of 63.84 feet to the point of beginning; thence North 89° 05' 44" West, a distance of 45.08 feet to a point of curve to the left having a radius of 41.00 feet and a central angle of 58° 00' 30"; thence Southwesterly along the arc a distance of 41.51 feet, having a chord bearing of South 61° 54' 01" West and a chord distance of 39.76 feet to a point of reverse curve to the right having a radius of 8.00 feet and a central angle of 58° 00' 30"; thence SouthWesterly along the arc, a distance of 8.10 feet, having a chord bearing of South 61° 54' 01" West and a chord distance of 7.76 feet; thence North 89° 05' 44" West, a distance of 250.42 feet to a point of curve to the right having a radius of 44.00 feet and a central angle of 89° 56' 11"; thence Northwesterly along the arc a distance of 69.07 feet, having a chord bearing of North 44° 07' 39" West and a chord distance of 62.19 feet; thence North 00° 50' 27" East, a distance of 375.74 feet to a point of curve to the left having a radius of 118.00 feet and a central angle of 29° 10' 56"; thence Northerly along the arc a distance of 60.10 feet, having a chord bearing of North 13° 45' 01" West and a chord distance of 59.45 feet; thence North 45° 51' 33" East, a distance of 39.57 feet; thence South 89° 08' 27" East, a distance of 167.21 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 89° 07' 35" West, a radial distance of 10.99 feet; thence Southwesterly along the arc, through a central angle of 89° 59' 07", a distance of 17.27 feet, having a chord bearing of South 45° 51' 59" West and a chord distance of 15.55 feet; thence North 89° 08' 27" West, a distance of 7.77 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence South 89° 08' 27" East, a distance of 80.75 feet; thence South 44° 08' 27" East, a distance of 154.40 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 45° 23' 57" East, a radial distance of 4.06 feet; thence Northeasterly along the arc, through a central angle of 163° 52' 44", a distance of 11.61 feet, having a chord bearing of North 53° 27' 31" East and a chord distance of 8.04 feet; thence North 28° 14' 14" West, a distance of 13.90 feet to a point of curve to the right having a radius of 17.91 feet and a central angle of 94° 58' 51"; thence Northerly along the arc a distance of 29.69 feet, having a chord bearing of North 19° 15' 12" East and a chord distance of 26.40 feet to the beginning of a curve to the left, of which the radius point lies North 23° 15' 42" West, a radial distance of 59.79 feet; thence Northeasterly along the arc, through a central angle of 14° 28' 42", a distance of 15.11 feet to a point of reverse curve to the right having a radius of 14.24 feet and a central angle of 39° 00' 50" ; thence Easterly along the arc, a distance of 9.70 feet, having a chord bearing of North 71° 46' 00" East and a chord distance of 9.51 feet; thence South 00° 51' 33" West, a distance of 395.32 feet to the Point of Beginning.

Parcel 3:

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Tract IV

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1023.13 feet; thence North 89° 08' 27" West a distance of 505.23 feet to the point of beginning; thence South 00° 51' 33" West, a distance of 307.92 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 01° 09' 24" West a radial distance of 27.54 feet; thence Westerly along the arc, through a central angle of 44° 44' 08", a distance of 21.50 feet, having a chord bearing of North 68° 47' 20" West and a chord distance of 20.96 feet to a point of compound curve to the right having a radius of 14.00 feet and a central angle of 82° 13' 37"; thence Northerly along the arc, a distance of 20.09 feet, having a chord bearing of North 05° 18' 28'' West and a chord distance of 18.41 feet to a point of reverse curve to the left having a radius of 66.00 feet and a central angle of 15° 41' 02"; thence Northeasterly along the arc, a distance of 18.07 feet, having a chord bearing of North 27° 57' 50" East and a chord distance of 18.01 feet to a point of curve of a non tangent curve to the left, of which the radius point lies North 69° 52' 41" West, a radial distance of 4.59 feet; thence Northwesterly along the arc, through a central angle of 154° 15' 47", a distance of 12.37 feet, having a chord bearing of North 57° 00' 34" West and a chord distance of 8.96 feet; thence South 45° 51' 33" West, a distance of 157.64 feet; thence North 89° 08' 27" West, a distance of 6.63 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence South 89° 08'27" East a distance of 7.77 feet to a point of curve to the right having a radius of 10.99 feet and a central angle of 90° 00' 53"; thence Southeasterly along the arc a distance of 17.27 feet, having a chord bearing of South 44° 08' 01" East and a chord distance of 15.55 feet; thence North 89° 08' 27" West, a distance of 167.21 feet; thence South 45° 51' 33" West, a distance of 39.57 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 61° 39' 31" West, a radial distance of 118.00 feet; thence Northwesterly along the arc, through a central angle of 33° 17' 34", a distance of 68.57 feet, having a chord bearing of North 44° 59' 16" West and a chord distance of 67.61 feet; thence North 61° 38' 03" West, a distance of 61.40 feet to the beginning of a curve to the right, of which the radius point lies North 28° 21' 57" East, a radial distance of 84.00 feet; thence Northwesterly along the arc, through a central angle of 62° 27' 50", a distance of 91.58 feet; thence North 00° 49' 47" East, a distance of 282.07 feet; thence South 89° 08' 27" East, a distance of 463.84 feet to the Point of Beginning.

Parcel 4:

Ingress/Egress Parcel "A"

Beneficial easements as set forth in exhibit f to that certain Easement Agreement recorded March 2, 2005 in Official Records Book 2571 Page 1332, of the Public Records of Bay County, Florida, as follows:

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West a distance of 1023.13 feet to the point of beginning; thence continue Southerly along said line, a distance of 949.84 feet; thence North 89° 05' 44" West, a distance of 845.62 feet; thence North 00° 50' 27" East, a distance of 492.17 feet; thence North 61° 19' 33" West, a distance of 184.43 feet; thence North 00° 49' 47" East, a distance of 370.94 feet; thence South 89° 08' 27" East, a distance of 40.01 feet; thence South 00° 49' 47" West, a distance of 282.07 feet to a point of curve to the left having a radius of 84.00 feet and a central angle of 62° 27' 50"; thence Southeasterly along the arc a distance of 91.58 feet, having a chord bearing of South 30° 24' 08" East and a chord distance of 87.11 feet; thence South 51° 38' 03" East a distance of 51.40 feet to a point of curve to the right having a radius of 118.00 feet and a central angle of 62° 28' 30" ; thence Southeasterly along the arc a distance of 128.67 feet. having a chord bearing of South 30° 23' 48" East and a chord distance of 122.39 feet; thence South 00° 50' 27" West, a distance of 375.74 feet to a point of curve to the left having a radius of 44.00 feet and a central angle of 89° 56' 11"; thence Southeasterly along the arc a distance of 59.07 feet, having a chord bearing of South 44° 07' 39" East and a chord distance of 62.19 feet; thence South 89° 05' 44" East, a distance of 250.42 feet to a point of curve to the left having a radius of 8.00 feet and a central angle of 58° 00' 30"; thence Northeasterly along the arc a distance of 8.10 feet, having a chord bearing of North 61° 54' 01" East and a chord distance of 7.76 feet to a point of reverse curve to the right having a radius of 41.00 feet and a central angle of 58° 00' 30"; thence Northeasterly along the arc, a distance of 41.51 feet, having a chord bearing of North 61° 54' 01" East and a chord distance of 39.76 feet; thence South 89° 05' 44" East, a distance of 90.08 feet to a point of curve to the right having a radius of 41.00 feet and a

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central angle of 59° 00' 06"; thence Southeasterly along the arc a distance of 42.22 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 40.38 feet to a point of reverse curve to the left having a radius of 6.50 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc, a distance of 6.69 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 6.40 feet; thence South 89° 05' 44" East, a distance of 244.88 feet to a point of curve to the left having a radius of 44.00 feet and a central angle of 90° 02' 43"; thence Northeasterly along the arc a distance of 69.15 feet, having a chord bearing of North 45° 52' 55" East and a chord distance of 62.25 feet; thence North 00° 51' 33" East a distance of 382.71 feet to a point of curve to the left having a radius of 14.00 feet and a central angle of 50° 28' 44"; thence Northwesterly along the arc a distance of 12.33 feet, having a chord bearing of North 24° 22' 49" West and a chord distance of 11.94 feet to a point of reverse curve to the right having a radius of 30.00 feet and a central angle of 50° 28' 44"; thence Northwesterly along the arc, a distance of 26.43 feet, having a chord bearing of North 24° 22' 49" West and a chord distance of 25.58 feet; thence North 00° 51' 33" East, a distance of 90.22 feet to a point of curve to the right having a radius of 30.00 feet and a central angle of 50° 28' 44"; thence Northeasterly along the arc a distance of 26.43 feet, having a chord bearing of North 26° 05' 55" East and a chord distance of 25.58 feet to a point of reverse curve to the left having a radius of 14.00 feet and a central angle of 50° 28' 44"; thence Northeasterly along the arc, a distance of 12.33 feet, having a chord bearing of North 26° 05' 55" East and a chord distance of 11.94 feet; thence North 00° 51' 33" East a distance of 324.94 feet; thence South 89° 08' 27" East, a distance of 49.99 feet to the Point of Beginning.

Parcel 5:

Pool Tract

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway -200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1,972.97 feet; thence North 89° 05' 44" West, a distance of 434.70 feet; thence North 09° 58' 12" East, a distance of 63.84 feet; thence North 00° 51' 33" East, a distance of 395.32 feet to the point of beginning and the beginning of a curve to the left, of which the radius point lies South 01° 16' 25" West, a radial distance or 14.24 feet; thence Westerly along the arc, through a central angle of 39° 00' 50", a distance of 9.70 feet to a point of reverse curve to the right having a radius of 59.79 feet and a central angle of 14° 28' 42"; thence Southwesterly along the arc, a distance of 15.11 feet, having a chord bearing of South 59° 29' 56" West and a chord distance of 15.07 feet; thence due North, a distance of 0.00 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 23° 15' 22" East, a radial distance of 17.91 feet; thence Southerly along the arc, through a central angle of 94° 58' 51", a distance of 29.69 feet, having a chord bearing of South 19° 15' 13" West and a chord distance of 26.41 feet; thence South 28° 14' 14" East, a distance of 13.90 feet to the point of curve of a non tangent curve to the right, of which the radius point lies South 61° 31' 13" West, a radial distance of 4.06 feet; thence Southwesterly along the arc, through a central angle of 163° 52' 44", a distance of 11.61 feet, having a chord bearing of South 53° 27' 35" West and a chord distance of 8.04 feet; thence North 44° 08' 27" West, a distance of 154.40 feet; thence North 89° 08' 27" West, a distance of 80.75 feet; thence North 00° 51' 33" East, a distance of 20.01 feet; thence South 89° 08' 27" East, a distance of 7.77 feet to a point of curve to the left having a radius of 10.99 feet and a central angle of 89° 59' 07"; thence Northeasterly along the arc a distance of 17.26 feet, having a chord bearing of North 45° 52' 00" East and a chord distance of 15.54 feet; thence continue Northwesterly along said curve through a central angle of 90° 00' 53", a distance of 17.27 feet, having a chord bearing of North 44° 08' 01" West and a chord distance of 15.54 feet; thence North 89° 08' 27" West, a distance of 7.77 feet; thence North 00° 51' 33" East, a distance of 20.01 feet; thence South 89° 08' 27" East, a distance of 6.63 feet; thence North 45° 51' 33" East, a distance of 157.64 feet to a point of curve to the right having a radius of 4.59 feet and a central angle of 154° 15' 18"; thence Southeasterly along the arc a distance of 12.36 feet, having a chord bearing of South 57° 00' 34" East and a chord distance of 8.95 feet; thence due North, a distance of 0.00 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 69° 52' 41" West a radial distance of 66.00 feet; thence Southwesterly along the arc, through a central angle of 15° 41' 02", a distance of 18.07 feet, having a chord bearing of South 27° 57' 50" West and a chord distance of 18.01 feet to a point of reverse curve to the left having a radius of 14.00 feet and a central angle of 82° 13' 37"; thence Southerly along the arc a distance of 20.09 feet, having a chord bearing of South 05° 18' 28" East and a chord distance of 18.41 feet to a point of compound curve to the left having a radius of 27.54 feet and a central angle of 44° 44' 08"; thence Easterly along the arc, a distance of 21.50 feet, having a chord bearing of South 68° 47' 20" East and a chord distance of 20.96 feet, thence continue Northeasterly along said curve through a central angle of 47° 33' 39", a distance of 22.86 feet, having a chord bearing of North 65°

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03' 47" East and a chord distance of 22.21 feet to a point of compound curve to the left having a radius of 14.00 feet and a central angle of 74° 21' 08"; thence Northerly along the arc, a distance of 18.17 feet, having a chord bearing of North 04° 06' 23" East and a chord distance of 16.92 feet to a point of reverse curve to the right having a radius of 66.00 feet and a central angle of 14° 40' 26"; thence Northwesterly along the arc, a distance of 16.90 feet, having a chord bearing of North 25° 43' 58" West and a chord distance of 16.86 feet; thence North 71° 36' 15" East, a distance of 0.01 feet to the point of curve of a non tangent curve to the right of which the radius point lies North 71° 36' 15" East, a radial distance of 4.59 feet; thence Northeasterly along the arc, through a central angle of 154° 15' 18", a distance of 12.36 feet, having a chord bearing of North 58° 43' 54" East and a chord distance of 8.95 feet; thence South 44° 08' 27" East, a distance of 157.64 feet; thence South 89° 08' 27" East, a distance of 95.88 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence North 89° 08' 27" West, a distance of 7.77 feet to a point of curve to the left having a radius of 10.99 feet and a central angle of 90° 00' 55"; thence Southwesterly along the arc a distance of 17.27 feet, having a chord bearing of South 45° 51' 06" West and a chord distance of 15.54 feet; thence continue Southeasterly along said curve through a central angle of 89° 59' 05" a distance of 17.26 feet, having a chord bearing of South 44° 08' 55" East and a chord distance of 15.54 feet; thence South 89° 08' 27" East, a distance of 7.77 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence North 89° 08' 27" West, a distance of 8.92 feet; thence South 45° 51' 33" West, a distance of 154.40 feet to a point of curve to the right having a radius of 4.19 feet and a central angle of 164° 55' 31"; thence Northwesterly along the arc a distance of 12.06 feet, having a chord bearing of North 51° 40' 42" West and a chord distance of 8.31 feet; thence North 30° 47' 04" East a distance of 13.32 feet to a point of curve to the left having a radius of 17.91 feet end a central angle of 94° 58' 51"; thence Northerly along the arc a distance of 29.69 feet, having a chord bearing of North 16° 42' 22" West and a chord distance of 26.41 feet; thence due North, a distance of 0.00 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 25° 48' 33" East, a radial distance of 59.79 feet; thence Northwesterly along the arc, through a central angle of 14° 28' 42" North , a distance of 15.11 feet, having a chord bearing of North 56° 57' 06" West and a chord distance of 15.07 feet to a point of reverse curve to the left having a radius of 14.24 feet and a central angle of 39° 00' 50"; thence Westerly along the arc, a distance of 9.70 feet, having a chord bearing of North 69° 13' 101" West and a chord distance of 9.51 feet to the Point of Beginning.

Parcel 6:

Beneficial Easements granted in that certain Easement Agreement by and between Cabana Cay, LLC, a Florida limited liability company, Gulf Destination Enterprise, Inc., a Florida corporation, PCB investments, L.L.C., a Florida limited liability company and F&J investments, L.L.C., a Florida limited liability company dated March 1, 2005, recorded March 2, 2005, and recorded in Official Records Book 2571, Page 1332, of the Public Records of Bay County, Florida.

For lands more fully described as follows:

Legal description - Ingress/Egress Parcel "B"

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 221.13 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 505.23 feet to the Point of Beginning; thence North 89 degrees 08 minutes 27 seconds West, a distance of 464.26 feet; thence South 00 degrees 49 minutes 47 seconds West, a distance of 396.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 40.01 feet; thence North 00 degrees 49 minutes 47 seconds East, a distance of 415.24 feet; thence South 67 degrees 42 minutes 35 seconds East, a distance of 16.38 feet; thence North 00 degrees 48 minutes 42 seconds East, a distance of 41.24 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 489.07 feet; thence South 01 degrees 51 minutes 33 seconds West, a distance of 54.30 feet to the Point of Beginning

Legal description - Ingress/Egress Parcel "C"

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00 degrees 51

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minutes 33 seconds West, a distance of 221.13 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 969.49 feet; thence South 00 degrees 49 minutes 47 seconds West, a distance of 396.00 feet to the point of beginning; thence South 00 degrees 49 minutes 47 seconds West, a distance of 406.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 40.01 feet; thence North 00 degrees 49 minutes 47 seconds East, a distance of 406.00 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 40.01 feet to the Point of Beginning.

Legal description - Ingress/Egress Parcel "D"

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 617.13 feet to the Point of Beginning; thence South 00 degrees 51 minutes 33 seconds West, a distance of 406.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 49.99 feet; thence North 00 degrees 51 minutes 33 seconds East, a distance of 406.00 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 49.99 feet to the Point of Beginning.

Legal Description - Ingress/Egress Parcel "E”

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida, being the point of beginning; thence South 00 degrees 51 minutes 33 seconds West, a distance of 617.13 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 49.99 feet; thence North 01 degree 51 minutes 33 seconds East, a distance of 396.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 455.24 feet; thence North 01 degree 51 minutes 33 seconds East, a distance of 54.30 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 455.24 feet; thence North 00 degrees 51 minutes 33 seconds East, a distance of 186.53 feet; thence South 67 degrees 37 minutes 54 seconds East, a distance of 53.73 to the Point of Beginning.

Parcel 7:

Beneficial Easements in that certain Ingress/Egress Easement Agreement by and between Cabana Beach Club, L.L.C., a Florida limited liability company, and Cabana Cay Investments, LLC, an Ohio limited liability company, dated March 1, 2005, recorded March 2, 2005 in Official Records Book 2571, Page 1402, of the Public Records of Bay County, Florida.

For lands more fully described as follows:

Legal description - Tract A

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 523.60 feet to the point of beginning; said point also being the beginning of a curve to the right, of which the radius point lies South 89 degrees 40 minutes 42 seconds West, a radial distance of 41.00 feet; thence SouthWesterly along the arc, through a central angle of 57 degrees 23 minutes 54 seconds, a distance of 41.07 feet; thence South 00 degrees 51 minutes 33 seconds West, a distance of 81.06 feet; thence South 04 degrees 04 minutes 32 seconds West, a distance of 134.13 feet; thence South 00 degrees 54 minutes 02 seconds West, a distance of 57.43 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 86 degrees 58 minutes 40 seconds East, a radial distance of 102.69 feet; thence Southerly along the arc, through a central angle of 11 degrees 59 minutes 27 seconds, a distance of 21.49 feet, having a chord bearing of South 09 degrees 01 minutes 03 seconds East and a chord distance of 21.45 feet to a point of compound curve to the left having a radius of 20.00 feet and a central angle of 74 degrees 07 minutes 41 seconds; thence Southeasterly along the arc, a distance of 25.88 feet, having a chord bearing of South 52 degrees 04 minutes 37 seconds East and a chord distance of 24.11 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 90.58 feet; thence South 01 degrees 03 minutes 11

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seconds West, a distance of 179.58 feet; thence North 61 degrees 20 minutes 38 seconds West, a distance of 45.14 feet; thence North 01 degree 03 minutes 11 seconds East, a distance of 118.53 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 60.08 to a point of curve to the right having a radius of 60.00 feet and a central angle of 90 degrees 05 minutes 35 seconds; thence Northwesterly along the arc a distance of 94.35 feet, having a chord bearing of North 44 degrees 05 minutes 40 seconds West and a chord distance of 84.92 feet; thence North 00 degrees 57 minutes 08 seconds East, a distance of 295.23 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 50 degrees 00 minutes 30 seconds East, a radial distance of 41.00 feet; thence Northerly along the arc, through a central angle of 40 degrees 05 minutes 10 seconds, a distance of 28.69 feet, having a chord bearing of North 18 degrees 55 minutes 07 seconds West and a chord distance of 28.40 feet; thence South 89 degrees 05 minutes 44 seconds East, a distance of 81.98 feet to the Point of Beginning.

Legal description - Tract B

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 434.70 feet to the point of beginning; thence South 01 degrees 03 minutes 11 seconds West, a distance of 342.92 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 90.58 feet to a point of curve to the right having a radius of 20.00 feet and a central angle of 74 degrees 07 minutes 41 seconds; thence Northwesterly along the arc a distance of 25.88 feet, having a chord bearing of North 52 degrees 04 minutes 37 seconds West and a chord distance of 24.11 feet to a point of compound curve to the right having a radius of 102.69 feet and a central angle of 11 degrees 59 minutes 27 seconds; thence Northerly along the arc, a distance of 21.49 feet, having a chord bearing of North 09 degrees 01 minutes 03 seconds West and a chord distance of 21.45 feet; thence North 00 degrees 54 minutes 02 seconds East, a distance of 57.43 feet; thence North 04 degrees 04 minutes 32 seconds East, a distance of 134.13 feet; thence North 00 degrees 51 minutes 33 seconds East, a distance of 81.06 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 32 degrees 55 minutes 24 seconds West, a radial distance of 41.00 feet; thence Northeasterly along the arc, through a central angle of 57 degrees 23 minutes 54 seconds, a distance of 41.07 feet, having a chord bearing of North 28 degrees 22 minutes 39 seconds East and a chord distance of 39.38 feet; thence South 89 degrees 05 minutes 44 seconds East, a distance of 88.90 feet to the Point of Beginning.

Legal description - Tract C

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 434.70 feet; thence South 01 degrees 03 minutes 11 seconds West, a distance of 552.50 feet; thence North 61 degrees 20 minutes 38 seconds West, a distance of 45.14 feet to the point of beginning; thence continue North 61 degrees 20 minutes 38 seconds West along said line, a distance of 135.50 feet; thence North 00 degrees 57 minutes 08 seconds East, a distance of 115.43 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 89 degrees 02 minutes 52 seconds East, a radial distance of 60.00 feet; thence Southeasterly along the arc, through a central angle of 90 degrees 05 minutes 35 seconds, a distance of 94.35 feet, having a chord bearing of South 44 degrees 05 minutes 40 seconds East and a chord distance of 84.92 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 60.08 feet; thence South 01 degree 03 minutes 11 seconds West, a distance of 118.53 feet to the Point of Beginning.

Legal description - Tract D

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay county, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 605.58 feet to the point of beginning; said point also being the beginning of a curve to the left, of which the radius point lies South 87 degrees 52 minutes 10 seconds East, a radial distance of 41.00 feet; thence Southerly along the

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arc, through a central angle of 40 degrees 05 minutes 10 seconds, a distance of 28.69 feet; thence South 00 degrees 57 minutes 08 seconds West, a distance of 111.43 feet; thence North 61 degrees 20 minutes 38 seconds West, a distance of 282.42 feet; thence North 00 degrees 50 minutes 27 seconds East, a distance of 7.65 feet; thence South 89 degrees 05 minutes 44 seconds East, a distance of 240.04 feet to the Point of Beginning.

East Beach Access Parcel

Beneficial Easements as set forth in paragraph 4 of exhibit a to that certain Warranty Deed and Easement Agreement recorded June 15, 2000 in Official RecordsBbook 1953, Page 1835, as redefined in that certain Easement Agreement recorded March 2, 2005 in Official Records Book Book 2571 Page 1332, of the Public Records of Bay County, Florida, as follows:

Commencing at the intersection of the West line of Section 18, Township 03 South, Range 16 West, Bay County, Florida and the Southerly right-of-way (r/w) of Front Beach Road (U.S. Highway 98 -State Highway 30 - 100 foot r/w); thence along said r/w, South 61 degrees 06 minutes 16 seconds East, a distance of 999.27 feet to the point of beginning; thence continue along said r/w, South 61 degrees 06 minutes 44 seconds West, a distance of 8.03 feet; thence leaving said r/w, South 28 degrees 53 minutes 44 seconds West, a distance of 228 feet, more or less, to the waters edge of the gulf of Mexico; thence along said waters edge, Northwesterly, a distance of 8.03 feet, more or less; thence North 28 degrees 53 minutes 44 seconds East, a distance of 228 feet, more or less, to said r/w and the Point of Beginning.

West Beach Access Parcel

Beneficial Easements as set forth in paragraph 3 of exhibit a to that certain Warranty Deed and Easement Agreement recorded June 15, 2000 in Official Records Book 1953, page 1835, as redefined in that certain Easement Agreement recorded March 2, 2005 in Official Records Book 2571 Page 1332, of the Public Records of Bay County, Florida, as follows:

Commencing at the intersection of the West line of Section 18, Township 03 South, Range 16 West, Bay County, Florida and the Southerly right-of-way (r/w) of Front Beach Road (U.S. Highway 98 -State Highway 30 - 100 foot r/w); thence along said r/w South 61 degrees 06 minutes 16 seconds East, a distance of 576.90 feet to the point of beginning; thence continue along said r/w South 61 degrees 06 minutes 16 seconds East, a distance of 7.81 feet; thence leaving said r/w, South 28 degrees 53 minutes 44 seconds West, a distance of 228 feet, more or less, to the water's edge of the gulf of Mexico; thence along said waters edge Northwesterly, a distance of 7.81 feet, more or less; thence leaving said waters edge, North 28 degrees 53 minutes 44 seconds East, a distance of 228 feet, more or less, to said r/w and the Point of Beginning.

North Beach Access Parcel

Rights contained in that certain Ingress and Egress Easement recorded in Official Records Book 1692, Page 330, of the Public Records of Bay County, Florida, for lands more fully described as follows:

The Westerly Six (6) feet of the following described property:

Commence at a point where the North r/w line of U.S. Highway 98 intersects the West line of Section 18, Township 3 South, Range 16 West; thence Southeasterly along said r/w line 534.25 feet to the point of beginning; thence North 300 feet; thence Southeasterly parallel to said Highway 98, 108.64 feet; thence South 300 feet to said North r/w line; thence Northwesterly along said r/w line 108.64 feet to the Point of Beginning.

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EXHIBIT B
AMENDED AND RESTATED TRUST AGREEMENT

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AMENDED AND RESTATED TRUST AGREEMENT

OF

BR 79 WEST, DST, A DELAWARE STATUTORY TRUST

DATED AS OF

JANUARY 13, 2022

BY AND AMONG

BR 79 WEST INVESTMENT CO, LLC,

AS DEPOSITOR

BR 79 WEST DST MANAGER, LLC,

AS MANAGER

AND

DELAWARE TRUST COMPANY

AS TRUSTEE

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AMENDED AND RESTATED TRUST AGREEMENT
OF
BR 79 WEST, DST,
A DELAWARE STATUTORY TRUST

This AMENDED AND RESTATED TRUST AGREEMENT, dated as of January 13, 2022 (as the same may be amended or supplemented from time to time, this "Trust Agreement"), is made by and among BR 79 West Investment Co, LLC (the "Depositor"), BR 79 West DST Manager, LLC as manager (the "Manager"), and Delaware Trust Company ("DTC"), as trustee (the "Trustee").

RECITALS

A. The Depositor and DTC have formed BR 79 West, DST as a Delaware statutory trust (the "Trust") in accordance with Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. §3801, *et seq.* (the "Statutory Trust Act") pursuant to the trust agreement of the Trust by and between the Depositor and DTC, dated as of December 14, 2021 (the "Initial Trust Agreement"), and the filing of the Certificate of Trust with the Secretary of State of the State of Delaware on December 14, 2021.

B. Bluerock Value Exchange, LLC (the "Sponsor"), an affiliate of the Depositor, is a party to that certain Purchase and Sale Agreement, effective November 30, 2021, (the "PSA"), to acquire the real estate more particularly described on Exhibit A, together with all buildings, structures, fixtures and improvements located thereon (the "Real Estate"). The Depositor acquired its rights in and to the PSA pursuant to an Assignment of Purchase and Sale Agreement by and between the Sponsor and the Depositor, pursuant to which the Sponsor assigned its rights and obligations under the PSA to the Depositor (collectively, the "PSA Assignment"). As further consideration for the PSA Assignment, the Depositor has agreed to pay Sponsor an acquisition fee in the amount of $1,412,000 (the "Acquisition Fee") in connection with the acquisition of the Real Estate.

C. The Depositor has agreed to convey the PSA, pursuant to a separate Assignment of PSA, plus an amount of cash sufficient to enable the Trust to acquire the Real Estate when combined with the proceeds from the Bridge Financing (hereinafter defined) and the First Mortgage Loan (as hereinafter defined), in exchange for one hundred percent (100%) of the Class 2 Beneficial Interests (as hereinafter defined) in the Trust as reflected by the Class 2 Beneficial Ownership Certificate (as hereinafter defined) issued to Depositor. The Trust shall, in connection with such assignment, assume the rights and obligations of the Depositor under the PSA, including the obligation to pay the Acquisition Fee to Sponsor. The cash deposited by the Depositor with the Trust shall be sufficient to cover the payment of the Acquisition Fee.

D. It is anticipated that certain Persons (as hereinafter defined) will acquire Class 1 Beneficial Interests (as hereinafter defined) in the Trust as evidenced by newly-issued Class 1 Beneficial Ownership Certificates (as hereinafter defined) in exchange for payment of money to the Trust and become Class 1 Beneficial Owners (as hereinafter defined) in accordance with the provisions of this Trust Agreement, which money will be distributed to the Depositor in whole or partial redemption of the Beneficial Interest held by the Depositor.

E. Concurrent with the acquisition of the Real Estate by the Trust, the Real Estate will be subject to certain Financing Documents (as hereinafter defined) and the Leases (as hereinafter defined).

F. The Trust will retain BR 79 West DST Manager, LLC as the Manager of the Trust to undertake certain actions and perform certain duties that would otherwise be performed by the Trust.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby amend and restate in its entirety the Initial Trust Agreement and agree as follows:

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ARTICLE 1
DEFINITIONS AND INTERPRETATION

Section 1.1 **Definitions**. Capitalized terms used in this Trust Agreement shall have the meanings as set forth below. Capitalized terms not otherwise defined have the meanings set forth in the Loan Agreement.

"Acquisition Fee" means the fee described in the Recitals payable to Sponsor in connection with the Trust's acquisition of the Real Estate.

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"Beneficial Interest" means a beneficial interest in the Trust, as such term is used in the Statutory Trust Act, all of which interests shall be either Class 1 Beneficial Interests or Class 2 Beneficial Interests. Notwithstanding anything set forth herein or in the Statutory Trust Act to the contrary, the lien granted to the Bridge Lender (or the exercise of remedies by Bridge Lender of such lien) by Depositor with respect to the cash proceeds of the Class 2 Beneficial Interests shall not constitute a "Beneficial Interest".

"Beneficial Owner" means each Person who, at the time of determination, holds a Beneficial Interest as reflected on the most recent Ownership Records. Notwithstanding anything set forth herein or in the Statutory Trust Act to the contrary, the Bridge Lender shall not be deemed to be a "Beneficial Owner" solely by virtue of its lien on the cash proceeds of the Class 2 Beneficial Interests or the exercise of its remedies with respect to such lien.

"Beneficial Ownership Certificate" means a certificate, stating whether it is a Class 1 Beneficial Ownership Certificate or a Class 2 Beneficial Ownership Certificate, in substantially the form of Exhibit B-1 or Exhibit B-2, respectively, evidencing a Beneficial Interest in the Trust.

"Bluerock" means Bluerock Real Estate, L.L.C.

"Bridge Financing" shall have the meaning as described in Section 6.14.

"Bridge Lender" means KeyBank National Association, together with its successors and assigns.

"Bridge Loan" that certain bridge loan from Bridge Lender to Bluerock Real Estate Holdings, LLC, and guarantied on a limited recourse basis by Depositor in the aggregate amount of up to $40,000,000 and entered into in connection with the Trust's acquisition of the Real Estate and the Depositor's capitalization of the Trust.

"Bridge Loan Agreement" means that certain Credit Agreement dated as of February 9, 2021, as amended by that certain First Credit Agreement Supplement and Amendment dated as of May 6, 2021, the Second Credit Agreement Supplement and Amendment dated as of June 30, 2021, the Third Credit Agreement Supplement and Amendment dated as of October 15, 2021, the Fourth Credit Agreement Supplement and Amendment dated as of October 22, 2021, and the Fifth Credit Agreement Supplement and Amendment dated January 13, 2022 (as may be further amended, restated and/or modified from time to time), by and between Bluerock Real Estate Holdings, LLC and Bridge Lender

"Bridge Return" shall have the meaning as described in Section 6.14.

"Business Day" is any day other than on Saturday, Sunday or legal holiday in the State of Delaware.

"Certificate of Trust" means the certificate of trust of the Trust, a copy of which is attached as Exhibit C.

"Class 1 Beneficial Interests" means the Beneficial Interests held by the Investors.

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"Class 2 Beneficial Interest" means the Beneficial Interest held by the Depositor.

"Class 1 Beneficial Owners" means the Investors.

"Class 2 Beneficial Owner" means the Depositor and any permitted assignee of the Class 2 Beneficial Interest.

"Class 1 Beneficial Ownership Certificates" means the Beneficial Ownership Certificates issued to the Investors.

"Class 2 Beneficial Ownership Certificate" means the Beneficial Ownership Certificate issued to the Depositor and any permitted assignee of the Class 2 Beneficial Interest, and if, at any time, the Class 2 Beneficial Interest is held by more than one Person, such term in the plural shall mean the Beneficial Ownership Certificates issued to such Persons.

"Closing Date" means that date of the first sale of Class 1 Beneficial Interests in the Trust to the Investors.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Conversion Notice" means the notice, in substantially the form of Exhibit G, issued by the Depositor to the Trustee and the Manager stating that the provisions of Section 3.3(c) shall become effective upon receipt of the notice by the Trustee.

"Deposit Date" means the date of the contribution of the PSA to the Trust.

"Depositor" has the meaning given to such term in the introductory paragraph hereof.

"Disposition Fee" has the meaning given to such term in Section 9.4.

"DST Depositor Blocked Account" has the meaning given to such term in the Bridge Loan Agreement.

"DTC" has the meaning given to such term in the introductory paragraph hereof.

"Effective Date" means the date of this Trust Agreement as specified in the introductory paragraph hereof.

"Exhibit" means an exhibit attached to this Trust Agreement, unless otherwise specified.

"Financing Documents" means the First Mortgage Loan Documents and any other documents or agreements contemplated by any of the foregoing or otherwise required by Lender.

"First Mortgage" means the first-priority Mortgage securing the First Mortgage Loan.

"First Mortgage Loan" means the Lender's mortgage loan in the original principal amount of approximately $38,431,000, secured by the First Mortgage and the First Mortgage Loan Documents.

"First Mortgage Loan Documents" means, in connection with the First Mortgage Loan, the First Mortgage and all related assignment of leases and rents, and the other security instruments in or related to the Real Estate.

"Initial Trust Agreement" has the meaning given to such term in Recital A.

"Investors" means the original purchasers of Class 1 Beneficial Interests in the Trust and any permitted assignees of such Class 1 Beneficial Interests.

"Leases" means (i) the Master Lease and (ii) any subleases relating to the Real Estate.

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"Lender" means KeyBank National Association under the Federal National Mortgage Association Delegated Underwriting and Servicing program, together with its successors, assigns and transferees.

"LLC" has the meaning given to such term in Section 9.2.

"Loan" means, collectively, all debt obligations to the Lender as evidenced and secured by the Financing Documents.

"Loan Documents" shall mean the First Mortgage Loan Documents and any other documents or agreements contemplated by any of the foregoing or otherwise required by Lender.

"Manager" means the Person serving, at the time of determination, as the manager under this Trust Agreement. As of the Effective Date, the Manager is BR 79 West DST Manager, LLC.

"Manager Covered Expenses" has the meaning given to such term in Section 5.4.

"Manager Indemnified Persons" has the meaning given to such term in Section 5.4.

"Master Lease" means that master lease agreement between the Trust, as landlord, and BR 79 West Leaseco, LLC, as master tenant, relating to the Real Estate, together with all amendments, supplements and modifications thereto.

"Master Tenant" means BR 79 West Leaseco, LLC, as master tenant under the Master Lease, including all permitted assigns, transferees and successors.

"Memorandum" means the Confidential Private Placement Memorandum (as supplemented and amended from time to time), through which the Class 1 Beneficial Interests are being syndicated to accredited investors.

"Mortgage" means any mortgage and security agreement or deed of trust and security agreement, as the case may be, encumbering the Real Estate as security for the Loan.

"Net Proceeds" has the meaning given to such term in Section 6.14.

"Note" means the promissory note or notes, as the case may be, evidencing the Loan.

"Offered Interest" means a Class 1 Beneficial Interest, or portion thereof, that is being offered for sale pursuant to a Third-Party Offer.

"Offerees" means, with respect to a Third-Party Offer, the Manager and each Class 1 Beneficial Owner other than the Selling Beneficial Owner.

"Ownership Records" means the records maintained by the Manager, substantially in the form of Exhibit D, indicating from time to time the name, mailing address, and Percentage Share of each Beneficial Owner, which records shall initially indicate the Depositor as the sole Beneficial Owner and shall be revised by the Manager contemporaneously to reflect the issuance of Beneficial Interests and Beneficial Ownership Certificates in accordance with this Trust Agreement, changes in mailing addresses, or other changes.

"Percentage Share" means, for each Beneficial Owner, the percentage of the aggregate Beneficial Interest in the Trust held by such Beneficial Owner as reflected on the most recent Ownership Records and evidenced by the Beneficial Ownership Certificate held by such Beneficial Owner. For the avoidance of doubt, the sum of (i) the Percentage Share of the Class 1 Beneficial Interests and (ii) the Percentage Share of the Class 2 Beneficial Interests at all times shall be 100%.

"Permitted Investment" has the meaning set forth in Section 7.2.

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"Permitted Transfer" means the transfer of a Class 1 Beneficial Interest (i) by devise, descent or by operation of law upon the death of a Class 1 Beneficial Owner or the member, partner, or stockholder of a Class 1 Beneficial Owner or (ii) for estate planning purposes primarily for the benefit of such Beneficial Owner.

"Person" means a natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank trust company, land trust, business trust, statutory trust or other organization, whether or not a legal entity, and a government or agency or political subdivision thereof.

"Priority Equity Contribution" means a $6,185,000 portion of the capital contributed by the Depositor to the Trust in connection with the Depositor's initial acquisition of the Class 2 Beneficial Interests, which amount may be reduced via distributions and redemptions to and from the Depositor from time to time after repayment of the Bridge Financing.

"Priority Equity Return" shall have the meaning as described in Section 6.14.

"PSA" has the meaning given to such term in Recital B hereof.

"PSA Assignment" has the meaning given to such term in Recital B hereof.

"Purchase Agreement" means the agreement to be entered into by the Trust (through the Manager) and each Investor with respect to the acquisition of Class 1 Beneficial Interests by the Investors.

"Real Estate" has the meaning given to such term in Recital B hereof.

"Regulations" means U.S. Treasury Regulations promulgated under the Code.

"Replacement Reserve" means the replacement and immediate repairs reserves funded at closing from the Loan proceeds and controlled by Lender. The Replacement Reserve shall also hold the ongoing monthly deposits from the Real Estate established pursuant to the Financing Documents.

"Reserves" has the meaning given to such term in Section 7.2 and includes, without limitation, the Supplemental Trust Reserve, the Replacement Reserve, and any other reserve or escrow account required by Lender under the Financing Documents or by the Trust as elsewhere provided herein.

"Retained Interest" means the Class 2 Beneficial Interest equivalent to a one percent (1.0%) Percentage Share of the Trust which the Depositor must continue to own as a condition under the Financing Documents for so long as the Loan is outstanding.

"ROFR Notice" has the meaning given to such term in Section 6.4(b).

"Secretary of State" has the meaning given to such term in Section 2.1(b).

"Section" means a section of this Trust Agreement, unless otherwise specified.

"Securities Act" means the Securities Act of 1933, as amended.

"Selling Beneficial Owner" means a Class 1 Beneficial Owner who receives a Third-Party Offer.

"Sponsor" means Bluerock Value Exchange, LLC, a Delaware limited liability company, an affiliate of Bluerock Real Estate, L.L.C.

"Statutory Trust Act" has the meaning given to such term in Recital A hereof.

"Supplemental Trust Reserve" shall have the meaning given to such term in Section 6.14.

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"Tenant" means the Person identified as the tenant or lessee in each of the Leases.

"Third-Party Offer" means an offer to purchase all or a portion of a Class 1 Beneficial Interest, a controlling ownership interest in the Selling Beneficial Owner or any right to control the Selling Beneficial Owner.

"Transaction Documents" means the Trust Agreement, the PSA, the Purchase Agreement, the Leases, the Financing Documents and the documents evidencing the Bridge Loan, together with any other documents to be executed in furtherance of the investment activities of the Trust.

"Transfer Distribution" has the meaning given to such term in Section 9.2.

"Trust" means BR 79 West, DST, a Delaware statutory trust continued by and in accordance with, and governed by, this Trust Agreement.

"Trust Agreement" has the meaning given to such term in the introductory paragraph hereof.

"Trust Estate" means all of the Trust's right, title, and interest in and to the Leases, the Real Estate, and any and all other property and assets (whether tangible or intangible) in which the Trust at any time has any right, title or interest.

"Trust Year" means (i) initially, the period of time commencing on the Deposit Date and ending on December 31, 2022 and (ii) subsequently, each successive 12-month period thereafter.

"Trustee" means the Person serving, at the time of determination, as the trustee under this Trust Agreement, in such Person's capacity as Trustee and not in such Person's individual capacity. As of the Effective Date, the Person serving as Trustee is DTC.

"Trustee Covered Expenses" has the meaning given to such term in Section 4.5.

"Trustee Indemnified Persons" has the meaning given to such term in Section 4.5.

ARTICLE 2
GENERAL MATTERS

Section 2.1 Organizational Matters.

(a) DTC is hereby appointed as the Trustee, and DTC hereby accepts such appointment, pursuant and subject to this Trust Agreement.

(b) The Depositor has authorized and directed the Trustee to execute and file the Certificate of Trust in the office of the Secretary of State of the State of Delaware (the "Secretary of State"), which filing has been duly made, and hereby authorizes the Trustee to execute and file in the office of the Secretary of State such other certificates as may from time to time be required under the Statutory Trust Act or any other Delaware law.

(c) The name of the Trust is "BR 79 West, DST". The Manager shall have full power and authority, and is hereby authorized, to conduct the activities of the Trust, execute and deliver all documents (including, without limitation, the Transaction Documents to which the Trust is or becomes a party from time to time) for or on behalf of the Trust, and cause the Trust to sue or be sued under its name. Any reference to the Trust shall be a reference to the statutory trust formed pursuant to the Certificate of Trust and this Trust Agreement and not to the Trustee or the Manager individually or to the officers, agents or employees of the Trust, the Trustee, or the Manager.

(d) The principal office of the Trust, and such additional offices as the Manager may determine to establish, shall be located at such places inside or outside of the State of Delaware as the Manager shall designate from time to time. As of the Effective Date, the principal office of the Trust is located at 1345 Avenue of the Americas, 32nd Floor, Suite B, New York, NY 10105.

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(e) Legal title to the Trust Estate shall be vested in the Trust as a separate legal entity.

Section 2.2 Declaration of Trust and Statement of Intent.

(a) The Trustee hereby declares that it shall hold the Trust Estate in trust for the benefit of the Beneficial Owners upon the terms set forth in this Trust Agreement.

(b) It is the intention of the parties that the Trust constitute a "statutory trust," the Trustee is a "trustee," the Manager is an "agent" of the Trust, the Beneficial Owners are "beneficial owners," and this Trust Agreement is the "governing instrument" of the Trust, each within the respective meaning provided in the Statutory Trust Act.

Section 2.3 Purposes. The purposes of the Trust are, and the Trust has all requisite power, authority and authorization to engage in, the following activities: (i) to acquire the Real Estate and enter into, execute, deliver and perform the Leases and the Financing Documents and the other Transaction Documents to which it is or becomes a party from time to time; (ii) to hold for investment and eventually dispose of the Real Estate; and (iii) to take only such other actions as the Manager deems necessary to carry out the foregoing. Neither the Trustee, the Manager, Investors or Beneficial Owners, nor any of their agents, shall provide services: (a) that are not "customary services" within the meaning of Revenue Ruling 75-374, 1975-2 C.B. 261; (b) the payment for which would not qualify as "rents from real property" within the meaning of Code Section 512(b)(3)(A)(i) and the Regulations thereunder; or (c) the payment for which would not qualify as "rents from real property" within the meaning of Code Sections 856(c)(2)(C) and 856(c)(3)(A) and the Regulations thereunder. The Trust shall conduct no business other than as specifically set forth in this Section 2.3.

ARTICLE 3
PROVISIONS RELATING TO THE LOAN AND TAX TREATMENT

Section 3.1 Article 3 Supersedes All Other Provisions of this Trust Agreement. This Article 3 contains certain provisions required by the Lender in connection with the Loan, required by the Bridge Lender in connection with the Bridge Loan or intended to achieve the desired treatment of the Trust and Beneficial Interests for United States federal income tax purposes. To the extent of any inconsistency between this Article 3 and any other provision of this Trust Agreement, this Article 3 shall supersede and be controlling; provided, for the avoidance of doubt, that nothing in this Article 3 or elsewhere in this Trust Agreement shall limit or impair the Trust's power, authority and authorization (or limit or impair the Manager's power, authority and authorization to cause the Trust) to enter into, execute, deliver, and perform its obligations under, the Transaction Documents to which it is or becomes a party from time to time, and to do so without the need for the consent or approval of any Beneficial Owner or other Person, and further provided that the requirements of this Article 3 shall be enforceable to the maximum extent permissible under the Statutory Trust Act.

Section 3.2 Provisions Relating to Loan.

(a) This Section 3.2 is intended to qualify the Trust as a "single purpose entity" for purposes of the Loan. So long as the Loan remains outstanding, the provisions of this Section 3.2 shall be in full force and effect. The terms of this Trust Agreement are further limited by and subject to the provisions of the Financing Documents while the Loan remains outstanding.

(b) Until the Loan is paid in full, the Trust must remain a Single Purpose Entity. A "Single Purpose Entity" means with respect to the Trust, a Delaware statutory trust or, following a Transfer Distribution, a limited liability company, which at all times since its formation and thereafter:

(1) shall not acquire lease or operate any real property, personal property, or assets other than, pursuant to the Master Lease, the fee or leasehold interest in the Trust Estate, as applicable;

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(2) shall not acquire, own, operate, or participate in any business other than, as lessor pursuant to the Master Lease, the leasing, ownership, management (if the Master Lease is terminated), operation, and maintenance of the Trust Estate;

(3) shall not commingle its assets or funds with those of any other Person, unless such assets or funds can easily be segregated and identified in the ordinary course of business from those of any other Person;

(4) shall maintain its financial statements, accounting records, and other partnership, real estate investment trust, limited liability company, or corporate documents, as the case may be, separate from those of any other Person (unless the Trust's assets have been included in a consolidated financial statement prepared in accordance with generally accepted accounting principles or if the beneficial interest holders of the Trust have included their share of the assets on their personal financial statements);

(5) shall have no material financial obligation under any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, or other agreement or instrument to which the Trust is a party, or by which the Trust is otherwise bound, or to which the Trust Estate is subject or by which it is otherwise encumbered, other than: (A) unsecured trade payables incurred in the ordinary course of the operation of the Trust Estate (exclusive of amounts (i) to be paid out of the Replacement Reserve Account or Repairs Escrow Account (as each are defined in the Mortgage) or (ii) for rehabilitation, restoration, repairs, or replacements of the Trust Estate or otherwise approved by the Lender) so long as such trade payables (x) are not evidenced by a promissory note, (y) are payable within sixty (60) days of the date incurred, and (z) as of any date, do not exceed, in the aggregate, two percent (2%) of the original principal balance of the Loan; provided, however, that otherwise compliant outstanding trade payables may exceed two percent (2%) up to an aggregate amount of four percent (4%) of the original principal balance of the Loan for a period (beginning on or after the Effective Date) not to exceed ninety (90) consecutive days; (B) if the Mortgage grants a lien on a leasehold estate, the Trust's obligations as lessee under the ground lease creating such leasehold estate; and (C) obligations under the Loan Documents and obligations secured by the Trust Estate to the extent permitted by the Loan Documents;

(6) shall not assume, guaranty, or pledge its assets to secure the liabilities or obligations of any other Person (except in connection with the Loan or other mortgage loans that have been paid in full or collaterally assigned to Lender, including in connection with any Consolidation, Extension and Modification Agreement or similar instrument as such terms are, to the extent possible, used in the Loan), or held out its credit as being available to satisfy the obligations of any other Person;

(7) shall not make loans or advances to any other Person; and

(8) shall not enter into, or become a party to, any transaction with any Affiliate (or an Affiliate of the Master Tenant) except in the ordinary course of business and on terms which are no more favorable to any such Affiliate than would be obtained in a comparable arm's length transaction with an unrelated third party, provided that neither the Trust's acquisition of the Real Estate nor the Trust's entry into and performance of its obligations under the Master Lease or any other documents executed in connection with the Master Lease shall be deemed to breach this covenant.

(c) Notwithstanding anything to the contrary in this Trust Agreement, no transfer of a Beneficial Interest will be permitted under the Financing Documents, unless the provisions of this Section 3.2 are satisfied at all times prior to the transfer.

(d) No bankruptcy, reorganization arrangement, insolvency or liquidation proceeding, or other proceedings under any similar law, shall be instituted or joined in by the Trust without the consent of the Trustee and the Manager.

Section 3.3 Provisions Relating to Tax Treatment.

(a) Prior to the issuance of the Conversion Notice, the sole Beneficial Owner of the Trust shall be the Depositor. The rights of the Depositor (as the Class 2 Beneficial Owner) with respect to the assets and property

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held by the Trust, as provided in Section 6.11 hereof, are such that the Trust will be characterized at such time as a "business entity" within the meaning of Regulations Section 301.7701-3. Because the Depositor will be the sole Beneficial Owner, the Trust will be characterized as a disregarded entity, and all assets and property of the Trust shall be treated for Federal income tax purposes as assets and property of the Depositor.

(b) Upon the issuance of the Conversion Notice, the special rights of Depositor (as the Class 2 Beneficial Owner) set forth in Section 6.11 will terminate, as set forth in Section 6.12, and the Depositor will have the same rights as any Class 1 Beneficial Owner.

(c) It is the intention of the parties hereto that upon and at all times after the issuance of the Conversion Notice that the Trust shall constitute an investment trust pursuant to Regulations Section 301.7701-4(c) and each Beneficial Owner shall be treated as a "grantor" within the meaning of Code Section 671. As such, the parties further intend that each Beneficial Owner shall be treated for Federal income tax purposes as if it holds a direct ownership interest in the Real Estate. Each Beneficial Owner agrees to report its interest in the Trust in a manner consistent with the foregoing and otherwise not to take any action that would be inconsistent with the foregoing. Upon and after issuance of the Conversion Notice, none of the Trustee, the Manager, the Beneficial Owners and/or the Trust shall have power and authority, or shall be authorized, and each of them is hereby expressly prohibited from taking, and none of them shall be allowed to take, any of the following actions:

(1) sell, transfer or exchange the Real Estate except as required under Article 9;

(2) reinvest any monies of the Trust, except to make modifications or repairs to the Real Estate permitted hereunder or in accordance with Section 7.2;

(3) renegotiate the terms of the Loan or enter into new financing, except in the case of the Master Tenant's bankruptcy or insolvency;

(4) renegotiate the Master Lease or enter into new leases (other than the original Master Lease entered into in connection with the acquisition of the Real Estate), except in the case of the Master Tenant's bankruptcy or insolvency;

(5) make modifications to the Real Estate (other than minor non-structural modifications) unless required by law;

(6) accept any capital from a Beneficial Owner (other than capital from an Investor that will be (i) used to pay expenses of the offer and sale of the Class 1 Beneficial Interests, (ii) used to fund Reserves, or (iii) distributed to the Depositor and reduce the Depositor's Percentage Share); or

(7) take any other action which would in the reasoned opinion of tax counsel to the Trust should cause the Trust to be treated as a business entity for federal income tax purposes 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 Regulations Section 301.7701-4(c)(1) and Rev. Rul. 2004-86.

The Trust shall hold the Trust Estate for investment purposes and only lease the Real Estate to the Master Tenant. The activities of the Trust with respect to the Trust Estate shall be limited to the activities which are customary services in connection with the maintenance and repair of the Real Estate and none of the Trustee, Beneficial Owners, the Manager or their agents shall provide non-customary services, as such term is defined in Code Sections 512 and 856 and Rev. Rul. 75-374, 1975-2 C.B. 261. The Trust shall conduct no business other than as specifically set forth in this Section 3.3. Without limiting the generality of the foregoing, upon and after issuance of the Conversion Notice, (i) none of the Trustee, the Manager, the Beneficial Owners and the Trust shall have any power or authority to undertake any actions that are not permitted to be undertaken by an entity that is treated as a "trust" within the meaning of Regulations Section 301.7701-4 and not treated as a "business entity" within the meaning of Regulations Section

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301.7701-3, and (ii) this Trust Agreement shall be interpreted and enforced so as to be in compliance with the requirements of Rev. Rul. 2004-86, 2004-33 I.R.B. 191.

For Federal income tax purposes, after issuance of the Conversion Notice, the Trust is intended to be and shall constitute an investment trust pursuant to Regulations Section 301.7701-4(c) and a "grantor trust" under Subpart E of Part 1, Subchapter J of the Code (Code Sections 671 - 679) and shall not constitute a "business entity."

ARTICLE 4
CONCERNING THE TRUSTEE

Section 4.1 Power and Authority. The Trustee shall have the power and authority, and is hereby authorized and empowered, to (i) accept legal process served on the Trust in the State of Delaware, and (ii) execute any certificates that are required to be executed under the Statutory Trust Act and file such certificates in the office of the Secretary of State, and take such action or refrain from taking such action under this Trust Agreement as may be directed in a writing delivered to the Trustee by the Manager; provided, however, that the Trustee shall not be required to take or refrain from taking any such action if the Trustee shall believe, or shall have been advised by counsel, that such performance is likely to involve the Trustee in personal liability or is contrary to the terms of this Trust Agreement or of any document contemplated hereby to which the Trust or the Trustee is or becomes a party or is otherwise contrary to law. The Manager agrees not to instruct the Trustee to take any action that is contrary to the terms of this Trust Agreement or of any document contemplated hereby to which the Trust or the Trustee is or becomes party or that is otherwise contrary to law. Other than as expressly provided for in this Trust Agreement, the Trustee shall have no duty to take any action for or on behalf of the Trust.

Section 4.2 Trustee May Request Direction. If at any time the Trustee determines that it requires or desires guidance regarding the application of any provision of this Trust Agreement or any other document, or regarding action that must or may be taken in connection herewith or therewith, or regarding compliance with any direction it received hereunder, then the Trustee may deliver a notice to a court of applicable jurisdiction requesting written instructions as to the desired course of action, and such instructions from the court shall constitute full and complete authorization and protection for actions taken and other performance by the Trustee in reliance thereon. Until the Trustee has received such instructions after delivering such notice, it shall be fully protected in refraining from taking any action with respect to the matters described in such notice.

Section 4.3 Trustee's Capacity. In accepting the trust hereby created, DTC acts solely as Trustee hereunder and not in its individual capacity, and all Persons having any claim against the Trustee by reason of the transactions contemplated by this Trust Agreement, the Transaction Documents, or any other document shall look only to the Trust Estate for payment or satisfaction thereof. Notwithstanding any provision of this Trust Agreement or any other document to the contrary, under no circumstances shall DTC, in its individual capacity or in its capacity as Trustee, (i) have any duty to choose or supervise, nor shall it have any liability for the actions or inactions of, the Manager or any officer, manager, employee, or other Person (other than DTC and its own employees), or (ii) be liable or responsible for, or obligated to perform, any contract, representation, warranty, obligation or liability of the Trust, the Manager, or any officer, manager, employee, or other Person (other than DTC and its own employees); provided, however, that this limitation shall not protect DTC against any liability to the Beneficial Owners to which it would otherwise be subject by reason of its willful misconduct, bad faith, fraud or gross negligence in the performance of its duties under this Trust Agreement. Under no circumstances shall the Trustee: (i) be personally liable for any representation, warranty, covenant, agreement or indebtedness of the Trust; or (ii) be liable for any punitive, exemplary, consequential, special or other damages for a breach of this Agreement.

Section 4.4 Duties. None of the Trustee or any successor trustee shall have any duty or obligation under or in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby, except as expressly provided by the terms of this Trust Agreement, and no implied fiduciary or other duties or obligations shall be read into this Trust Agreement against the Trustee or any successor trustee. The right of the Trustee to perform any discretionary act enumerated herein shall not be construed as a duty. To the fullest extent permitted by applicable law, including without limitation Section 3806 of the Statutory Trust Act, the Trustee and any successor trustee (i) shall have no duties (fiduciary or otherwise) to any Person other than the Trust and the Beneficial Owners, and all such duties (including only those fiduciary duties expressly set forth herein as being fiduciary in

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nature) shall be restricted to those duties (including fiduciary duties) expressly set forth in this Trust Agreement, and (ii) shall have no liability (including no liability for breach of contract or breach of duty) to any Person other than the Trust and the Beneficial Owners, and all such liability shall be restricted to those liabilities expressly set forth in this Trust Agreement and only those which are due to its willful misconduct, bad faith, fraud or gross negligence in the performance of its duties under this Trust Agreement; provided, however, no provision of this Trust Agreement is intended to or shall eliminate the implied contractual covenant of good faith and fair dealing or limit or eliminate liability for any act or omission that constitutes a bad faith violation of the implied contractual covenant of good faith and fair dealing.

Section 4.5 Indemnification. The Beneficial Owners and the Trust, jointly and severally, hereby agree to: (i) reimburse the Person serving as Trustee and/or any successor Trustee for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals), incurred in connection with the negotiation, execution, delivery, or performance of, or exercise of rights or powers under, this Trust Agreement; (ii) to the fullest extent permitted by law, indemnify, defend and hold harmless the Person serving as Trustee and/or any successor Trustee, and the officers, directors, employees and agents of the Person serving as Trustee and/or any successor Trustee (collectively, including the Trustee and/or any successor Trustee in its individual capacity, the "Trustee Indemnified Persons") from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel and other professionals), taxes and penalties of any kind and nature whatsoever (collectively, "Trustee Covered Expenses"), to the extent that such Trustee Covered Expenses arise out of or are imposed upon or asserted at any time against any such Trustee Indemnified Persons, including without limitation on the basis of ordinary negligence on the part of any such Trustee Indemnified Persons, with respect to or in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby; provided, however, that the Beneficial Owners or the Trust shall not be required to indemnify a Trustee Indemnified Person for Trustee Covered Expenses to the extent such Trustee Covered Expenses result from the willful misconduct, bad faith, fraud or gross negligence of such Trustee Indemnified Person; and (iii) to the fullest extent permitted by law, advance to each such Trustee Indemnified Person Trustee Covered Expenses incurred by such Trustee Indemnified Person in defending any claim, demand, action, suit or proceeding, in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby, prior to the final disposition of such claim, demand, action, suit or proceeding, only upon receipt by any Beneficial Owner of an undertaking, by or on behalf of such Trustee Indemnified Person, to repay such amount if a court of competent jurisdiction renders a final, non-appealable judgment that includes a specific finding of fact that such Trustee Indemnified Person is not entitled to be indemnified therefor under this Section 4.5. The obligations of the Beneficial Owners and the Trust under this Section 4.5 shall survive the resignation or removal of the Trustee, shall survive the dissolution and termination of the Trust, and shall survive the termination, amendment, supplement, and/or restatement of this Trust Agreement; provided, however, a Beneficial Owner shall be released from and relieved of any and all obligations under this Section 4.5 that relate to any acts or events occurring in their entirety after the date on which such Beneficial Owner no longer owns any Beneficial Interest in the Trust. So long as any obligation evidenced or secured by the Financing Documents is outstanding, no indemnity payment from funds of the Trust (as distinct from funds from other sources, such as insurance) of any indemnity pursuant to this Section 4.5 shall be payable from amounts allocable to the Lender pursuant to the Financing Documents. Any indemnification set forth in this Trust Agreement shall be fully subordinate to the Loan and shall not constitute a claim against the Trust in the event its cash flow is insufficient to pay its obligations, nor shall it constitute a claim against any Beneficial Owner. Notwithstanding anything to the contrary in the above, in all cases, the indemnification provided under this Section 4.5 shall be limited to and only paid out of the Trust Estate.

Section 4.6 Removal; Resignation; Succession. The Trustee may resign at any time by giving at least 60 days' prior written notice to the Manager. The Manager may at any time remove the Trustee for cause by written notice to the Trustee. Cause shall only result from the willful misconduct, bad faith, fraud or gross negligence of the Trustee. Such resignation or removal shall be effective upon the acceptance of appointment by a successor trustee as hereinafter provided. In case of the removal or resignation of a trustee, and with the prior written consent of Lender while the Loan is outstanding, the Manager may appoint a successor by written instrument. If a successor trustee shall not have been appointed within 60 days after the giving of such notice, the Trustee or any of the Beneficial Owners may apply to any court of competent jurisdiction in the United States to appoint a successor trustee to act until such time, if any, as a successor shall have been appointed as provided above; provided the Lender approves such appointment during any period in which the Loan remains outstanding. Any successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as provided above within one

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year from the date of the appointment by such court. Any successor, however appointed, shall execute and deliver to its predecessor trustee an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor trustee in the trusts hereunder with like effect as if originally named the Trustee herein; but upon the written request of such successor, such predecessor shall execute and deliver an instrument transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, duties and trusts of such predecessor, and such predecessor shall duly assign, transfer, deliver and pay over to such successor all monies or other property then held by such predecessor upon the trusts herein expressed. Any right of the Beneficial Owners against a predecessor trustee in its individual capacity shall survive the resignation or removal of such predecessor, shall survive the dissolution and termination of the Trust, and shall survive the termination, amendment, supplement, and/or restatement of this Trust Agreement.

Any successor trustee, however appointed, shall be a bank or trust company satisfying the requirements of Section 3807(a) of the Statutory Trust Act. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Trustee may be transferred, shall, subject to the preceding sentence, be the Trustee under this Trust Agreement without further act.

Section 4.7 Fees and Expenses. The Trustee shall receive as compensation for its services hereunder such fees as have been separately agreed upon between Depositor and the Trustee. The Trustee shall not have any obligation by virtue of this Trust Agreement to spend any of its/their own funds, or to take any action that could result in its/their incurring any cost or expense.

ARTICLE 5
CONCERNING THE MANAGER

Section 5.1 Power and Authority. The investment activities and affairs of the Trust shall be managed exclusively by or under the direction of the Manager. The Manager shall have the power and authority, and is hereby authorized and empowered, to manage the Trust Estate and the investment activities and affairs of the Trust, subject to and in accordance with the terms and provisions of this Trust Agreement, provided that the Manager shall have no power to engage on behalf of the Trust in any activities that the Trust could not engage in directly, and further provided that the Manager shall at all times be subject to the terms and provisions of the Trust Agreement. The Manager shall have the power and authority, and is hereby authorized, empowered, and directed by the Trust, to enter into, execute and deliver, and to cause the Trust to perform its obligations under, each of the Transaction Documents to which the Trust is or becomes a party or signatory, and in furtherance thereof, the Class 2 Beneficial Owner, at any time prior to the issuance of the Conversion Notice, may confirm such authorization, empowerment, and direction and otherwise direct the Manager in connection with the investment activities and affairs of the Trust. Notwithstanding the other provisions of this Section 5.1, the Manager shall have the power and authority to cause the Trust to (i) acquire the Real Estate; and (ii) execute and deliver the Master Lease and Financing Documents in connection with the acquisition of the Real Estate following the issuance of the Conversion Notice (but, except as otherwise provided herein, shall not have the power to renegotiate, amend, or restate the Master Lease and Financing Documents following the issuance of the Conversion Notice).

Section 5.2 Manager's Capacity. The Manager acts solely as an agent of the Trust and not in its individual capacity, and all Persons having any claim against the Manager by reason of the transactions contemplated by this Trust Agreement, the Transaction Documents, or any other document shall look only to the Trust Estate for payment or satisfaction thereof. Notwithstanding any provision of this Trust Agreement to the contrary, the Manager shall not have any liability to any Person except for its own fraud or gross negligence.

Section 5.3 Duties.

(a) The Manager has primary responsibility for performing the administrative actions set forth in this Section 5.3. In addition, the Manager shall have the obligations with respect to a potential sale of the Trust Estate set forth in Article 9. The Manager shall have no duty or obligation to comply with any directive from any

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Beneficial Owner with respect to the Trust Estate. The Manager shall not have any duty or obligation under or in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby, except as expressly provided by the terms of this Trust Agreement, and no implied duties or obligations shall be read into this Trust Agreement against the Manager. The right of the Manager to perform any discretionary act enumerated herein shall not be construed as a duty. To the fullest extent permitted by applicable law, including without limitation Section 3806 of the Statutory Trust Act, (i) the Manager's duties and liabilities relating thereto to the Trust and the Beneficial Owners shall be restricted to those duties expressly set forth in this Trust Agreement and liabilities relating thereto, and (ii) Manager has no fiduciary duties whatsoever to the Trust or to Beneficial Owners.

(b) Without limiting the generality of Section (a) above, upon and after the issuance of the Conversion Notice, the Manager, for and on behalf of the Trust, is hereby authorized and directed to take each of the following actions necessary to conserve and protect the Trust Estate:

(1) receiving the contribution of the PSA, acquiring the Real Estate subject to the Leases and entering into the Master Lease and the Loan;

(2) complying with the terms of the Financing Documents;

(3) collecting rents and making distributions in accordance with Article 7;

(4) entering into any agreement for purposes of completing tax-free exchanges of real property with a qualified intermediary as defined in Regulation Section 1.1031(k)-1;

(5) notifying the relevant parties of any default by them under the Transaction Documents;

(6) take 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 each Beneficial Owner as a "grantor" within the meaning of Code Section 671; and

(7) solely to the extent necessitated by the bankruptcy or insolvency of the Master Tenant or any other tenant of the Real Estate, if the Trust has not terminated under Section 9.2, entering into a new lease with respect to the Real Estate or renegotiating or refinancing any debt secured by the Real Estate (including, without limitation, the Loan).

The foregoing notwithstanding, from and after the issuance of the Conversion Notice, under no circumstances shall the power or authority of the Manager include the ability to take any actions which would cause the Trust to cease to constitute an "investment trust" within the meaning of Regulation Section 301.7701-4(c). After issuance of the Conversion Notice, the power and authority of the Manager shall be strictly and narrowly construed so as to preserve and protect the status of the Trust as an "investment trust" for Federal income tax purposes.

(c) The Manager shall keep customary and appropriate books and records relating to the Trust and the Trust Estate and shall certify reports regarding same to the Lender, if required by the Financing Documents. The Manager shall maintain appropriate books and records in order to provide reports of income and expenses to each Beneficial Owner as necessary for such Beneficial Owner to prepare his/her income tax returns regarding the Trust Estate.

(d) The Manager shall promptly furnish to the Beneficial Owners copies of any reports, notices, requests, demands, certificates, financial statements and any other writings that the Financing Documents require that the Manager distribute to the Beneficial Owners (unless the Manager reasonably believes the same have been already sent directly to the Beneficial Owners in which case the Manager shall have no obligation to re-distribute them).

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(e) The Manager shall not be required to act or refrain from acting under this Trust Agreement or the Financing Documents if the Manager reasonably determines, or has been advised by counsel, that such actions or inactions may result in personal liability, unless the Manager is indemnified by the Trust and the Beneficial Owners against any liability and costs (including reasonable legal fees and expenses) which may result in a manner and form reasonably satisfactory to the Manager.

(f) The Manager shall not, on its own behalf (in contrast to actions that the Manager is required to perform on behalf of the Trust), have any duty to (i) file, record or deposit any document or to maintain any such filing, recording or deposit or to refile, rerecord or redeposit any such document, (ii) obtain or maintain any insurance on the Real Estate, (iii) maintain the Real Estate, (iv) pay or discharge any tax levied against any part of the Trust Estate, (v) confirm, verify, investigate or inquire into the failure to receive any reports or financial statements from any party obligated under the Financing Documents to provide such, or (vi) inspect the Real Estate at any time or to ascertain or inquire as to the performance or observance of any of the covenants of any Person under the Financing Documents.

(g) The Manager shall manage, control, dispose of or otherwise deal with the Trust Estate in its discretion, subject to any restrictions or obligations set forth in the Financing Documents or in this Trust Agreement.

(h) The Manager shall provide to each Person who becomes a Beneficial Owner a copy of this Trust Agreement at or before the time such Person becomes a Beneficial Owner.

(i) The Manager shall provide to the Trustee a copy of the Ownership Records contemporaneously with each revision thereto.

Section 5.4 Indemnification. The Class 1 Beneficial Owners and the Trust, jointly and severally, hereby agree to (i) reimburse the Manager for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals), incurred in connection with the negotiation, execution, delivery, or performance of, or exercise of rights or powers under, this Trust Agreement, (ii) to the fullest extent permitted by law, indemnify, defend and hold harmless the Manager, and the officers, directors, employees and agents of the Manager (collectively, including the Manager, the "Manager Indemnified Persons") from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel and other professionals), taxes and penalties of any kind and nature whatsoever (collectively, "Manager Covered Expenses"), to the extent that such Manager Covered Expenses arise out of or are imposed upon or asserted at any time against such Manager Indemnified Persons, including without limitation on the basis of ordinary negligence on the part of any such Manager Indemnified Persons, with respect to or in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby; provided, however, that the Class 1 Beneficial Owners shall not be required to indemnify a Manager Indemnified Person for Manager Covered Expenses to the extent such Manager Covered Expenses result from the fraud or gross negligence of such Manager Indemnified Person, and (iii) to the fullest extent permitted by law, advance to each such Manager Indemnified Person Manager Covered Expenses incurred by such Manager Indemnified Person in defending any claim, demand, action, suit or proceeding, in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby, prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by any Class 1 Beneficial Owner of an undertaking, by or on behalf of such Manager Indemnified Person, to repay such amount unless a court of competent jurisdiction renders a final, non-appealable judgment that includes a specific finding of fact that such Manager Indemnified Person is not entitled to be indemnified therefor under this Section 5.4. The obligations of the Class 1 Beneficial Owners and the Trust under this Section 5.4 shall survive the resignation or removal of the Manager, shall survive the dissolution and termination of the Trust, and shall survive the termination, amendment, supplement, and/or restatement of this Trust Agreement. So long as any obligation evidenced or secured by the Financing Documents is outstanding, no indemnity payment from funds of the Trust (as distinct from funds from other sources, such as insurance) of any indemnity pursuant to this Section 5.4 shall be payable from amounts allocable to the Lender pursuant to the Financing Documents. Any indemnification set forth in this Trust Agreement shall be fully subordinate to the Loan and shall not constitute a claim against the Trust in the event its cash flow is insufficient to pay its obligations, nor shall it constitute a claim against any Beneficial Owner. Notwithstanding anything to the contrary in the above, in all cases, the obligations of the Class 1 Beneficial Owners under this Section 5.4 shall be limited to and only paid out of the Trust Estate.

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Section 5.5 Fees and Expenses. Except as set forth in Section 9.4, the Manager shall receive no compensation for its services as Manager. The Manager shall not have any obligation by virtue of this Trust Agreement to spend any of its own funds, or to take any action that could result in its incurring any cost or expense.

Section 5.6 Sale of Trust Estate by Manager Is Binding. Any sale or other conveyance of the Trust Estate or any part thereof by the Manager made for and on behalf of the Trust pursuant to the terms of this Trust Agreement shall bind the Trust and the Beneficial Owners and be effective to transfer or convey all rights, title and interest of the Trust and the Beneficial Owners in and to the Trust Estate.

Section 5.7 Removal/ Resignation; Succession. The Manager may resign at any time by giving at least 30 days' prior written notice to the Trustee. The Trustee may (i) at all times prior to the payment in full of the Loan, upon the prior written consent of the Lender, or (ii) at any time thereafter, either (I) remove the Manager for cause by written notice to the Manager, or (II) limit the duties of the Manager under this Trust Agreement. For the avoidance of doubt, any removal or attempted removal of the Manager made prior to the payment in full of the Loan without the Lender's consent shall be *void ab initio*. Further, "cause" sufficient to warrant a vote for removal shall exist only in the event of the fraud or gross negligence of the Manager which causes material damage to, or diminution in value of, the Trust Estate. Such resignation or removal shall be effective upon the acceptance of appointment by a successor Manager as hereinafter provided. In case of the removal or resignation of the Manager, the Trustee, with the prior written consent of the Lender while the Loan is outstanding, may appoint a successor by written instrument. If a successor Manager shall not have been appointed within 15 days after the giving of such notice, the Manager or any of the Beneficial Owners may apply to any court of competent jurisdiction in the United States to appoint a successor Manager to act until such time, if any, as a successor shall have been appointed as provided above, provided that the Lender approves such appointment during any period in which the Loan is outstanding. Any successor so appointed by such court shall immediately and without further act be superseded by a successor appointed as provided above within one (1) year from the date of the appointment by such court. Any successor, however appointed, shall execute and deliver to its predecessor Manager an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the rights, powers and duties of the predecessor Manager in the trusts hereunder with like effect as if originally named the Manager herein; but upon the written request of such successor, such predecessor shall execute and deliver an instrument transferring to such successor, upon the trusts herein expressed, all the rights, powers and duties of such predecessor. Any right of the Beneficial Owners against a predecessor Manager in its individual capacity shall survive the resignation or removal of such predecessor Manager, shall survive the dissolution and termination of the Trust, and shall survive the termination, amendment, supplement, and/or restatement of this Trust Agreement.

ARTICLE 6
BENEFICIAL INTERESTS

Section 6.1 Issuance of Class 1 and Class 2 Beneficial Ownership Certificates.

(a) The Depositor shall (i) convey the PSA to the Trust, and (ii) contribute an amount of cash sufficient together with the net proceeds of the First Mortgage Loan and the Bridge Loan, cash and the net proceeds as of the Closing Date from the sale of the Class 1 Beneficial Interests (taking into account any reasonable costs, fees, expenses and reserves required to be funded out of such proceeds) to enable the Trust to acquire the Real Estate and pay the Acquisition Fee; and the Trust shall issue a Class 2 Beneficial Ownership Certificate to the Depositor in exchange for such contributions. The Class 2 Beneficial Ownership Certificate, in substantially the form set forth in Exhibit B-2, with such appropriate insertions, omissions, substitutions, endorsements and other variations as are required by this Trust Agreement, and with such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may, consistent herewith, be approved by the Manager, shall be issued in registered form and delivered to, and registered in the name of, the Depositor. Each Class 2 Beneficial Ownership Certificate shall be printed and dated the date of its execution. Any portion of any Class 2 Beneficial Ownership Certificate may be set forth on the reverse or subsequent pages thereof. The Class 2 Beneficial Ownership Certificate shall be printed, lithographed, typewritten, mimeographed, photocopied or otherwise produced or may be produced in any other manner as may, consistently herewith, be determined by the Manager. While the Class 2 Beneficial Ownership Interests are held by a single Beneficial Owner such Certificate shall represent ownership of the entire Percentage Share from time to time of the Class 2 Beneficial Interests. If, at any time, the Class 2 Beneficial Ownership Interests

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are held by more than one Beneficial Owner, each Class 2 Beneficial Certificate shall represent ownership of the Percentage Share of the Beneficial Interests to which it corresponds.

(b) Following the issuance of the Conversion Notice, on or after the Closing Date one or more Investors who have executed Purchase Agreement(s) and contributed cash to the Trust shall be issued Class 1 Beneficial Ownership Certificates, in substantially the form set forth in Exhibit B-1, with such appropriate insertions, omissions, substitutions and other variations to evidence their investment and as are otherwise required by this Trust Agreement, and with such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may, consistent herewith, be approved by the Manager. Such Class 1 Beneficial Ownership Certificates shall be issued in registered form and delivered to, and registered in the name of, the applicable Beneficial Owner. Notwithstanding the foregoing, no Class 1 Beneficial Owner, and no assignee or transferee of a Class 1 Beneficial Interest, may own more than a 49% Percentage Share of the aggregate Class 1 Beneficial Ownership Certificates, and any purported issuance of a Class 1 Beneficial Ownership Certificate in violation of the foregoing shall be null, void and of no effect whatsoever. Each Class 1 Beneficial Ownership Certificate shall be printed and dated the date of its execution. Any portion of any Class 1 Beneficial Ownership Certificate may be set forth on the reverse or subsequent pages thereof. The Class 1 Beneficial Ownership Certificate shall be printed, lithographed, typewritten, mimeographed, photocopied or otherwise produced or may be produced in any other manner as may, consistently herewith, be determined by the Manager.

(c) The Manager is hereby authorized to execute each Beneficial Ownership Certificate for and on behalf of the Trust by the manual signature of any duly authorized officer of the Manager, such execution to constitute the authentication thereof.

(d) Each Beneficial Ownership Certificate bearing the manual signature of any individual who at the time such Beneficial Ownership Certificate was executed was a duly authorized officer of the Manager shall bind the Trust, notwithstanding that any such individual has ceased to hold such office or to be a duly authorized officer of the Manager prior to the delivery of such Beneficial Ownership Certificate or at any time thereafter. No Beneficial Ownership Certificate shall be valid for any purpose unless it is executed on behalf of the Trust by the Manager. The signature of a duly authorized officer of the Manager on any Beneficial Ownership Certificate shall be conclusive evidence that such Beneficial Ownership Certificate has been duly executed and authenticated under this Trust Agreement.

(e) Any Beneficial Owner shall be deemed, by virtue of the acceptance of such Beneficial Ownership Certificate or beneficial interest therein, to have agreed, accepted and become bound by, and subject to, the provisions of this Trust Agreement. Each Beneficial Owner hereby acknowledges and agrees that, in its capacity as a Beneficial Owner, it has no ability either to (i) petition for a partition of the assets of the Trust, (ii) file a petition in bankruptcy on behalf of the Trust, or (iii) take any action that consents to, aids, supports, solicits or otherwise cooperates in the filing of an involuntary bankruptcy proceeding involving the Trust.

(f) Notwithstanding anything to the contrary in this Trust Agreement, any provisions of this Trust Agreement relating to Beneficial Ownership Certificates shall be construed as optional, and it shall be within the Manager's sole discretion as to whether or not the Trust issues Beneficial Ownership Certificates pursuant to the terms and provisions of this Trust Agreement or, in the alternative, determines and evidences the fact of ownership.

Section 6.2 Ownership Records. The Manager shall at all times be the Person at whose office a Beneficial Ownership Certificate may be presented or surrendered for registration of transfer or for exchange and where notices and demands to or upon the Trust in respect of a Beneficial Ownership Certificate may be served. The Manager shall keep Ownership Records, which shall include records of the transfer and exchange of Beneficial Interests. Notwithstanding any provision of this Trust Agreement to the contrary, transfer of a Beneficial Interest in the Trust, or of any right, title or interest therein, shall occur only upon and by virtue of the entry of such transfer in the Ownership Records. In the event of any transfer not prohibited under the terms of this Trust Agreement, the Manager shall issue a new Beneficial Ownership Certificate setting forth the current percentage interest in the Trust held by such new Beneficial Owner, the transferring Beneficial Owner shall surrender its Beneficial Ownership Certificate for cancellation and if applicable the Manager shall issue a new Beneficial Ownership Certificate setting

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forth the Beneficial Interest retained by any transferring Beneficial Owner. The Beneficial Ownership Certificates may not be negotiated, endorsed or otherwise transferred to a holder in violation of Sections 6.4, 6.5 or 6.6.

Section 6.3 Mutilated, Destroyed, Lost or Stolen Beneficial Ownership Certificates. If any Beneficial Ownership Certificate shall become mutilated, destroyed, lost or stolen, the Trust shall, upon the written request of the holder of any Beneficial Ownership Certificate thereof and presentation of the Beneficial Ownership Certificate or satisfactory evidence of destruction, loss or theft thereof to the Manager, issue and deliver in exchange therefor or in replacement thereof, a new Beneficial Ownership Certificate in the name of such Beneficial Owner evidencing the same Beneficial Interest and dated the date of its execution. If the Beneficial Ownership Certificate being replaced has become mutilated, such Beneficial Ownership Certificate shall be surrendered to the Manager. If the Beneficial Ownership Certificate being replaced has been destroyed, lost or stolen, the Beneficial Owner thereof shall furnish to the Trust and the Manager (i) a written indemnity by such Beneficial Owner to the Trust and the Manager which provides for such Person to save the Trust and the Manager harmless; and (ii) evidence satisfactory to the Trust and the Manager of the destruction, loss or theft of such Beneficial Ownership Certificate and of the ownership thereof. The applicable Beneficial Owner shall pay any tax imposed in connection therewith.

Section 6.4 Restrictions on Transfer. (a) Subject to compliance with applicable securities laws, this Section 6.4, Section 6.5 and Section 6.6, all or any portion of the Beneficial Interest of any Beneficial Owner may be assigned or transferred without the prior consent of any of the Trust, the Trustee, the Manager, or the other Beneficial Owners. All expenses of any such transfer shall be paid by the assigning or transferring Beneficial Owner. Notwithstanding the foregoing, no Class 1 Beneficial Owner, and no assignee or transferee of a Class 1 Beneficial Interest, may own more than a 49% Percentage Share of the aggregate Class 1 Beneficial Ownership Certificates, and any purported transfer or assignment of a Class 1 Beneficial Interest in violation of the foregoing shall be null, void and of no effect whatsoever.

(b) Right of First Refusal. Upon the receipt of a Third-Party Offer by a Selling Beneficial Owner, such Selling Beneficial Owner shall provide the Manager notice of such Third-Party Offer, together with a term sheet or other document listing: (i) the offer price, (ii) the name and location of the person making such offer and (iii) all other terms and conditions of the proposed purchase and sale (collectively, the "ROFR Notice"). The Manager will send a copy of the ROFR Notice to each of the Offerees in accordance with the contact details contained in the Ownership Records within 5 days after Manager's receipt of the ROFR Notice, indicating the date on which the Manager received such ROFR Notice. The giving of a ROFR Notice by a Selling Beneficial Owner to the Manager shall constitute a representation and warranty by the Selling Beneficial Owner to the Offerees that the Third-Party Offer is bona fide in all respects. The Offerees shall have the right, but not the obligation, within 15 days after the Manager's receipt of the ROFR Notice, to elect to purchase the Offered Interest for the price and upon the terms and conditions as are contained in the ROFR Notice by providing a notice of such election to the Selling Beneficial Owner and the Manager; provided however, the price that any Offeree shall pay for the Offered Interest shall be reduced by any broker's fees or commissions that would have been payable by any Person under the Third-Party Offer if the Offered Interest had been sold pursuant to the Third-Party Offer. If more than one Offeree elects to exercise its right of first refusal in the Offered Interest, then the Offered Interest will be sold to the participating Offerees on a pro rata basis according to their respective Percentage Shares. If none of the Offerees elect to exercise its right of first refusal in the Offered Interest, then the Selling Beneficial Owner shall then be free to sell the Offered Interest to the Person who made the Third-Party Offer, but only in accordance with the terms and conditions contained in the ROFR Notice. If after compliance with these provisions, and none of the Offerees exercise their aforesaid right of first refusal, and the Person who made the Third-Party Offer also fails to purchase the Offered Interest under the terms and conditions of the Third-Party Offer, then the Offered Interest may not be sold unless and until the Offerees have been given a new opportunity to determine whether to accept any new or revised Third-Party Offer (in accordance with the above noticing rights and other terms and conditions of the right of first refusal contained herein). For avoidance of doubt, any Offeree's election not to exercise its right of first refusal hereunder shall not be deemed a waiver of its rights hereunder with respect to any other Third-Party Offers. Any sale or conveyance of an Offered Interest that fails to comply with these provisions shall be null, void and ineffectual, and shall not bind the Trust or any other Beneficial Owners with respect to such purported transferee. Furthermore, in connection with any transfer in violation of this Section 6.4(b), the Trust may enforce this Section 6.4(b) by, without limitation, injunction, specific performance or other equitable relief, and both the Selling Beneficial Owner and its purported transferee shall be jointly and severally responsible to reimburse the Trust, the Manager and the Trustee, as applicable, for all of their attorney fees and other costs and expenses

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incurred in connection with such enforcement of this Section 6.4. Notwithstanding anything herein to the contrary, the right of first refusal described herein shall not be applicable with respect to a Permitted Transfer.

Section 6.5 Conditions to Admission of New Beneficial Owners. Any assignee or transferee of a Class 1 Beneficial Owner shall become a Class 1 Beneficial Owner only upon such assignee's or transferee's written acceptance and adoption of this Trust Agreement, as manifested by its execution and delivery to the Manager of an executed agreement substantially in the form of Exhibit E, plus the issuance by the Trust of a new Class 1 Beneficial Ownership Certificate to such assignee or transferee, copies of which will be provided by the Manager to the Trustee. Any assignee or transferee of a Class 2 Beneficial Owner shall become a Class 2 Beneficial Owner upon the transfer of such Class 2 Beneficial Interests in accordance with Section 6.2 hereof and shall be deemed to have accepted and adopted the terms of this Trust Agreement upon the completion of such transfer.

Section 6.6 Limit on Number of Beneficial Owners. Notwithstanding anything to the contrary in this Trust Agreement, the Trust shall at no time have more than one thousand nine hundred and ninety-nine (1,999) Beneficial Owners. Any transfer that results in a violation of the preceding sentence shall, to the fullest extent permitted by law, be null, void, and of no effect whatsoever.

Section 6.7 Representations and Acknowledgements of Beneficial Owners. Each Beneficial Owner hereby represents and warrants that it (i) is not acquiring its Beneficial Interest with a view to any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any state of the United States; and (ii) is aware of the restrictions on transfer that are applicable to the Beneficial Interests and will not offer, sell, pledge or otherwise transfer its Beneficial Interest except in compliance with all terms and conditions of this Trust Agreement and applicable securities laws and regulations. Each Beneficial Owner hereby acknowledges that (y) no Beneficial Interest may be sold, transferred or otherwise disposed of unless expressly permitted hereunder and it is registered or qualified under the Securities Act and all other applicable laws of any applicable jurisdiction or an exemption therefrom is available in accordance with all other laws of any applicable jurisdiction; and (z) no Beneficial Interest has been or is expected to be registered under the Securities Act, and accordingly, all Beneficial Interests are subject to restrictions on transfer.

Section 6.8 Status of Relationship. This Trust Agreement shall not be interpreted to impose a partnership or joint venture relationship on the Beneficial Owners either at law or in equity. Accordingly, no Beneficial Owner shall have any liability for the debts or obligations incurred by any other Beneficial Owner, with respect to the Trust Estate, or otherwise, and no Beneficial Owner shall have any authority, other than as specifically provided herein, to act on behalf of any other Beneficial Owner or to impose any obligation on any other Beneficial Owner with respect to the Trust Estate. Neither the power to give direction to the Trustee, the Manager, or any other Person nor the exercise thereof by any Beneficial Owner shall cause such Beneficial Owner to have duties (including fiduciary duties) or liabilities relating thereto to the Trust or to any Beneficial Owner. For the avoidance of doubt, Manager has no fiduciary duties to Beneficial Owners.

Section 6.9 No Legal Title to Trust Estate. The Beneficial Owners shall not have legal title to the Trust Estate. The death, incapacity, dissolution, termination, or bankruptcy of any Beneficial Owner, Manager or Trustee shall not result in the termination or dissolution of the Trust.

Section 6.10 In-Kind Distributions. Except as expressly provided in Section 9.2, no Beneficial Owner (i) has an interest in specific Trust property or (ii) shall have any right to demand and receive from the Trust an in-kind distribution of the Trust Estate or any portion thereof. In addition, each Beneficial Owner expressly waives any right, if any, under the Statutory Trust Act to seek a judicial dissolution of the Trust, to terminate the Trust, or, to the fullest extent permit by law, to partition the Trust Estate.

Section 6.11 Rights and Powers of Class 2 Beneficial Owner Prior to Conversion Notice. Prior to the issuance of the Conversion Notice, the Class 2 Beneficial Owner shall have the right and power, at its sole discretion (but subject to the restrictions in Article 3), to:

(a) Contribute additional assets to the Trust;

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(b) Cause the Trust to negotiate or re-negotiate loans or leases; and

(c) Cause the Trust to sell all or any portion of its assets and re-invest the proceeds of such sale or sales.

It is expressly understood by the Class 2 Beneficial Owner that these powers are inconsistent with the ability to classify the Trust as an "investment trust" under Regulations Section 301.7701-4(c), and the Trust shall not be so classified prior to the issuance of the Conversion Notice. The Percentage Share of the Class 2 Beneficial Owner prior to the issuance of any Class 1 Beneficial Interests (pursuant to Section 6.14 hereof) shall be 100%.

Section 6.12 Issuance of Conversion Notice. The Class 2 Beneficial Owner may, at any time in its sole discretion, issue the Conversion Notice to the Trustee and the Manager. Upon issuance of the Conversion Notice, the Class 2 Beneficial Owner shall no longer have any of the rights or powers set forth in Section 6.11. Instead, the Class 2 Beneficial Owner shall have only those rights and powers as apply to a Class 1 Beneficial Owner (as set forth in Section 6.13).

Section 6.13 Rights and Powers of Class 1 Beneficial Owners. The Class 1 Beneficial Owners shall only have the right to receive distributions from the Trust as a result of the operations or sale of the Real Estate. The Class 1 Beneficial Owners shall not have the right or power to direct in any manner the Trust or the Manager in connection with the operation of the Trust or the actions of the Trustee or the Manager. In addition, the Class 1 Beneficial Owners shall not have the right or power to:

(a) Contribute additional assets to the Trust;

(b) Be involved in any manner in the operation or management of the Trust or its assets;

(c) Cause the Trust to negotiate or re-negotiate loans or leases; or

(d) Cause the Trust to sell its assets and re-invest the proceeds of such sale.

Section 6.14 Contributions by the Class 1 Beneficial Owners; Issuance of Class 1 Beneficial Ownership Certificates; Reduction in Class 2 Beneficial Interests; Retained Interest. The Trust shall issue Class 1 Beneficial Ownership Certificates to the Investors upon the contribution of cash to the Trust by the Investors in exchange for Class 1 Beneficial Interests. The Trust will issue Class 1 Beneficial Interests equivalent to up to a ninety-nine percent (99.0%) Percentage Share of the Trust. The amount of cash contributed by, and the Percentage Share of, each Investor shall be determined by the Manager and shall be set forth in the Purchase Agreement(s) for each Investor, which shall be based upon a purchase price which in no event shall be less than the price for each Class 1 Beneficial Interest disclosed in the Memorandum. All cash contributed by an Investor in exchange for Class 1 Beneficial Interests shall be used first by the Trust to pay (either directly or indirectly by distributing such funds to the Depositor and causing Depositor to pay), subject to the Financing Documents and the documents evidencing the Bridge Loan, all reasonable and necessary costs of sale to the Investors of the Class 1 Beneficial Interests (provided that, so long as the Depositor owns Class 2 Beneficial Interests greater than the Retained Interest, such costs shall not exceed fifteen percent (15%) of the purchase price of the Class 1 Beneficial Interest) (the "Costs of Sale"); and next, to fund the first $2,300,000 of and to establish a Manager-controlled reserve account on behalf of and owned by the Trust for costs and expenses associated with the Real Estate (the "Supplemental Trust Reserve"); and next, in order to pass along certain costs in connection with the Bridge Loan and any portion of the debt owed to Bridge Lender under the Bridge Loan Agreement (the "Bridge Financing"), an amount to Depositor (by direct deposit into the DST Depositor Blocked Account) equal to the principal payment due on the Bridge Loan with respect to such sale plus a percentage return on the outstanding balance of the Bridge Loan calculated using the variable interest rate as set forth in the Bridge Loan (collectively with such principal payment, the "Bridge Return") and any other portion of the Bridge Financing required to be paid under the Bridge Loan Agreement until such time that the Bridge Financing has been repaid in full and all security interests in connection therewith have been released; and next, to pay to the Depositor a nine percent (9%) return on the outstanding balance of the Priority Equity Contribution (together with the amount of the Priority Equity Contribution, the "Priority Equity Return") until such time that the Depositor's ownership of Class 2 Beneficial Interests have been fully redeemed (excluding the Retained Interest); and next, to use any remainder (the "Net Proceeds") to fund any remaining reimbursements, compensation and/or fees owed to the Sponsor or its affiliates in connection with the

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offering, all as provided in the Memorandum. In connection with each such sale of Class 1 Beneficial Interests, the Percentage Share of the Class 2 Beneficial Interests shall be reduced by an amount equal to the Percentage Share granted by the Trust to each contributing Class 1 Beneficial Owner, and the Class 2 Beneficial Owner shall simultaneously surrender such corresponding Class 2 Beneficial Ownership Certificate(s) for cancellation. Upon the sale of all of the Class 1 Beneficial Interests (representing a 99.0% Percentage Share of the Trust), the Depositor and any permitted assignee of the Class 2 Beneficial Interest will no longer have any Beneficial Interest in the Trust and no Class 2 Beneficial Interests will remain outstanding, except for the Retained Interest which shall continue to be held by Depositor for so long as required under the Financing Documents. In the event not all Class 2 Beneficial Interests (other than the Retained Interest) are redeemed pursuant to this Section 6.14 by 24 months after the Closing Date, the Class 2 Beneficial Owner shall surrender to (i) the Trust, or (ii) such other third party, as designated by the Class 2 Beneficial Owner in its sole and absolute discretion for no additional consideration its entire remaining Class 2 Beneficial Ownership Certificate (other than for the Retained Interest for so long as the Retained Interest is required to be held by Depositor under the Financing Documents). For the avoidance of doubt, until such time as the Depositor's Class 2 Beneficial Interests (excluding the Retained Interest) have been fully redeemed, no Net Proceeds shall be released or paid to the Sponsor or its affiliates. For U.S. federal income tax purposes, all funds received by the Trust from the Investors after issuance of the Conversion Notice shall be treated as having been used to acquire the Real Estate and pay the associated costs and expenses in connection therewith, and each Class 1 Beneficial Owner shall be treated as have funded its Percentage Share of the Supplemental Trust Reserve.

ARTICLE 7
DISTRIBUTIONS AND REPORTS

Section 7.1 Payments from Trust Estate Only. All payments to be made by the Manager under this Trust Agreement shall be from the Trust Estate.

Section 7.2 Distributions in General. The Manager shall distribute all available cash to the Beneficial Owners in accordance with their Percentage Shares on a monthly basis, but only after (i) paying or reimbursing the Trustee and then the Manager, respectively, for any claims subject to indemnification (including as provided in Sections 4.5 and 5.4, respectively) and for their respective reasonable fees and/or expenses actually incurred on behalf of the Trust and (ii) retaining such additional amounts as the Manager in its discretion determines are necessary to pay anticipated ordinary current and future Trust expenses ("Reserves"). Reserves and any other cash retained pursuant to this paragraph shall be invested by or on behalf of the Manager only in short-term obligations of (or guaranteed by) the United States, or any agency or instrumentality thereof and in certificates of deposit or interest-bearing bank accounts of any bank or trust companies having a minimum stated capital and surplus of $100,000,000 (a "Permitted Investment"). All such obligations must mature prior to the next distribution date, and be held to maturity. All amounts distributable to the Beneficial Owners pursuant to this Trust Agreement shall be paid by check or in immediately available funds by transfer to a banking institution with bank wire transfer facilities for the account of such Beneficial Owner, as instructed from time to time by such Beneficial Owner on the last Business Day of each calendar quarter.

Section 7.3 Distribution Upon Dissolution. In the event of the Trust's dissolution in accordance with Article 9 hereof, all of the Trust Estate as may then exist after the winding up of its affairs in accordance with the Statutory Trust Act (including without limitation subsections (d) and (e) of Section 3808 of the Statutory Trust Act and providing for all costs and expenses, including any income or transfer taxes which may be assessed against the Trust, whether or not by reason of the dissolution of the Trust), shall, subject to Section 9.2, be distributed to those Persons who are then Beneficial Owners in their respective Percentage Shares.

Section 7.4 Cash and other Accounts; Reports by the Manager. The Manager shall be responsible for receiving all cash from the Master Tenant and placing such cash into one or more accounts as required under the distribution and investment obligations of the Trust under Section 7.2. The Manager shall furnish annual reports, audited by a nationally recognized accounting firm selected by the Manager from time to time, to each of the Beneficial Owners as to the amounts of rent received from the Master Tenant, the expenses incurred by the Trust with respect to the Real Estate (if any), the amount of any Reserves and the amount of the distributions made by the Trust to the Beneficial Owners.

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Section 7.5 Information. Upon written demand of the Manager made by a Beneficial Owner, which written demand may not be made more than once per calendar quarter, a Beneficial Owner shall have the right to receive a copy of this Trust Agreement and the Certificate of Trust, and any amendments to either of them, provided that such copy shall not contain any identifying information with regard to any other Beneficial Owner. Except as specifically set forth in Sections 7.4 or 7.5, or elsewhere in this Trust Agreement, no Beneficial Owner or group of Beneficial Owners shall have any right to demand or receive any information, report, or document from Manager or Trustee. Without limiting the foregoing, no Beneficial Owner shall have the right under this Trust Agreement to receive, review, copy or inspect any list of the Members or any identifying information with regard to the Beneficial Owners, whether or not requested, and Manager shall not have any obligation to provide such information. Notwithstanding anything to the contrary contained herein or the Statutory Trust Act, a Beneficial Owner or group of Beneficial Owners shall not have any of the rights to information or other rights set forth in §3819 of the Statutory Trust Act.

ARTICLE 8
RELIANCE; REPRESENTATIONS; COVENANTS

Section 8.1 Good Faith Reliance. Neither the Trustee nor the Manager shall incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably and in good faith believed by such Person to be genuine and signed by the proper party or parties thereto. As to any fact or matter, the manner of ascertainment of which is not specifically described herein, the Trustee and the Manager may for all purposes hereof rely on a certificate, signed by or on behalf of the Person executing such certificate, as to such fact or matter, and such certificate shall constitute full protection of the Trustee and the Manager for any action taken or omitted to be taken by them in good faith in reliance thereon, and the Trustee and the Manager may conclusively rely upon any certificate furnished to such Person that on its face conforms to the requirements of this Trust Agreement. Each of the Trustee and the Manager may (i) exercise its powers and perform its duties by or through such attorneys and agents as it shall appoint with due care, and it shall not be liable for the acts or omissions of such attorneys and agents; and (ii) consult with counsel, accountants and other experts, and shall be entitled to rely upon the advice of counsel, accountants and other experts selected by it in good faith and shall be protected by the advice of such counsel and other experts in anything done or omitted to be done by it in accordance with such advice. In particular, no provision of this Trust Agreement shall be deemed to impose any duty on the Trustee or the Manager to take any action if such Person shall have been advised by counsel that such action may involve it in personal liability or is contrary to the terms hereof or to applicable law. For all purposes of this Trust Agreement, the Trustee shall be fully protected in relying upon the most recent Ownership Records delivered to it by the Manager.

Section 8.2 No Representations or Warranties as to Certain Matters. NEITHER THE TRUSTEE NOR THE MANAGER, EITHER WHEN ACTING HEREUNDER IN ITS CAPACITY AS TRUSTEE OR MANAGER OR IN ITS INDIVIDUAL CAPACITY, MAKES OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, LOCATION, VALUE, CONDITION, WORKMANSHIP, DESIGN, COMPLIANCE WITH SPECIFICATIONS, CONSTRUCTION, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE TRUST ESTATE OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE TRUST ESTATE OR ANY PART THEREOF.

Neither the Trustee nor the Manager makes any representation or warranty as to (i) the title, value, condition or operation of the Real Estate, and (ii) the validity or enforceability of Transaction Documents or as to the correctness of any statement contained in any thereof, except as expressly made by the Trustee or the Manager in its individual capacity. Each of the Trustee and the Manager represents and warrants to the Beneficial Owners that it has authorized, executed and delivered the Trust Agreement.

ARTICLE 9
TERMINATION

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Section 9.1 Termination in General. The Trust shall not have perpetual existence and instead shall be dissolved and wound up in accordance with Section 3808 of the Statutory Trust Act upon the first to occur of a Transfer Distribution or the sale of the Trust Estate pursuant to Section 9.3, at which time each Beneficial Owner's Percentage Share of the Trust Estate shall be distributed to such Beneficial Owner in accordance with Section 7.3; provided, however, that in connection with a sale of the Trust Estate in accordance with Section 7.3, the Loan shall have been defeased, paid in full or assumed in accordance with the terms of the Financing Documents.

Section 9.2 Termination to Protect and Conserve Trust Estate. Subject to the terms and conditions of the Financing Documents, upon the first to occur of (i) a sale of the Trust Estate pursuant to Section 9.3 or (ii) if the Conversion Notice has been issued and the Manager determines that (a) the Master Tenant is insolvent or has failed to timely pay the full rent due under the Master Lease after the expiration of any applicable notice and cure provisions in the Master Lease (not including any permitted deferral of rent due pursuant to Section 4.2 of the Master Lease), (b) the Trust Estate is in jeopardy of being lost due to a default or imminent default on the Loan, and in either case the Manager is prohibited from acting pursuant to Section 3.3 hereof, (c) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (d) the Loan will commence hyper-amortization within ninety (90) days under which all cash flow from the Real Estate will need to be utilized to pay down the principal and interest on the Loan, (e) the Trust is otherwise terminated in violation of Section 3.3(c), (f) the Manager needs to take, but is precluded from taking, one of the actions enumerated in Section 3.3(c) and the Manager determines in writing that dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Estate for the benefit of the Beneficial Owners, or (g) the Trust is otherwise terminated or dissolved without the consent of Lender, then, in either case, the Trust shall dissolve and wind up in accordance with Section 3808 of the Statutory Trust Act and each Beneficial Owner's Percentage Share of the Trust Estate shall be distributed to such Beneficial Owner in accordance with this Section 9.2 in full and complete satisfaction and redemption of their Beneficial Ownership Certificates. Subject to the requirements of Section 3808 of the Statutory Trust Act, immediately before any such liquidating distributions, and only in the event that a distribution is to be made to the Beneficial Owners under Section 9.2(ii), the Manager shall transfer title to the assets comprising the Trust Estate to a newly formed Delaware limited liability company (the "LLC") that has a limited liability company operating agreement substantially similar to that set forth in Exhibit F (the "Transfer Distribution"). As part of the Transfer Distribution, the Manager shall cause the membership interests in the LLC to be distributed to the Beneficial Owners in proportion to their Percentage Shares immediately prior to the dissolution of the Trust in complete satisfaction of their Beneficial Interests and their Beneficial Ownership Certificates in order to consummate the dissolution of the Trust. It is the express intent of this Trust Agreement that no distribution be made under this Section 9.2 except in the rare and unexpected situation in which such distribution is necessary to prevent the loss of the Trust Estate. To the fullest extent permitted by applicable law, the Manager shall be fully protected in any such determination made in good faith that a condition under Section 9.2(ii) exists, and shall have no liability to any Person, including without limitation the Beneficial Owners, with respect to any such determination. If a determination has been made to make a Transfer Distribution under Section 9.2(ii), the Manager may, in its discretion and upon advice of counsel, utilize such other form of transaction (including, without limitation, a conversion of the Trust into a limited liability company if then permitted by applicable law) to accomplish the transaction contemplated by the Manager pursuant to the Transfer Distribution (which other form of transaction shall only require the approval of the Manager and shall not require the approval of any Beneficial Owners or the Trustee), provided that such alternative form of transaction is entered into to preserve and protect the Trust Estate for the benefit of the Beneficial Owners and is otherwise in compliance with the Statutory Trust Act.

Section 9.3 Sale of the Trust Estate. Pursuant to Section 3806(b)(3) of the Statutory Trust Act, the Manager shall sell the Trust Estate upon its determination (in its sole discretion) that a sale of the Trust Estate is appropriate; provided, however, that it is the intent of the parties to this Trust Agreement that the Trust Estate will be held by the Trust for at least two (2) years. Any such sale of the Trust Estate shall occur as soon as practicable after the Manager has determined that the sale of the Trust Estate is appropriate. The Manager shall be responsible for (i) determining the fair market value of the Trust Estate, (ii) providing notice to the Trustee of the sale of the Trust Estate and (iii) conducting the sale of the Trust Estate on behalf of the Trust under commercially reasonable terms and executing such documents and instruments required to be executed by the Trust to affect such sale (Manager shall also provide to the Trustee in execution form any documents and instruments required to be executed by the Trustee to affect such sale). The Manager (and the Trustee, if necessary) shall take all reasonable action that would seek to enable the sale to qualify, with respect to each Beneficial Owner, as a like-kind exchange within the meaning of Code Section 1031. Any sale of the Property shall be on an "as-is, where-is" basis (or on such terms as are deemed

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commercially reasonable by the Manager) and without any representations or warranties by the Trustee or the Manager (other than representations as to their respective authority to enter into the sale).

Section 9.4 Manager Fees. The Manager shall receive a disposition fee from the Trust equal to 3.5% of the gross proceeds of any of the sale, exchange or other disposition of the Trust Estate (the "Disposition Fee"), from which Manager shall pay all sales commissions payable to any third-party broker in connection with such sale, such that the aggregate amount of the Disposition Fee plus the third-party brokerage commission does not exceed 3.5% of the gross sales price of the Trust Estate. In addition, in the event of a sale of the Trust Estate under Section 9.3, the Trust shall pay the Manager an amount equal to the amount, if any, of deferred and unpaid Asset Management Fee under the terms of that certain Property Management Agreement dated January 13, 2022 by and between the Master Tenant and Bluerock Property Management, LLC. The fees shall be subordinate to the Financing Documents.

Section 9.5 Loan Paid in Full. If the Manager determines that the Loan, including all interest, principal and penalties, if any, has been paid in full and the Trust Estate has not been sold pursuant to Section 9.3 then the Manager shall provide written notice to such effect to the Trust, and the Trust shall dissolve and wind up in accordance with the procedures set forth in Section 9.2.

Section 9.6 Certificate of Cancellation. Upon the completion of the dissolution and winding up of the Trust, the Certificate of Trust shall be cancelled by the Trustee, acting upon direction by the Manager and at the expense of the Trust, and the Trustee shall execute and cause a certificate of cancellation to be filed in the office of the Secretary of State.

ARTICLE 10
MISCELLANEOUS

Section 10.1 Limitations on Rights of Others; Third-Party Beneficiaries. Nothing in this Trust Agreement, whether express or implied, shall give to any Person other than the Depositor, the Trustee, the Manager, the Beneficial Owners, and the Trust any legal or equitable right, remedy or claim hereunder, and shall not confer any rights or remedies on any individual other than the parties hereto and their respective successors and permitted assigns. Notwithstanding the preceding sentence, the Lender shall be an explicit third-party beneficiary of this Trust Agreement with the right to independently enforce the terms of this Trust Agreement.

Section 10.2 Successors and Assigns. All covenants and agreements contained herein shall be binding upon and inure to the benefit of the Depositor, the Trustee, the Manager, the Beneficial Owners, the Trust, and their successors and assigns, all as herein provided. Any request, notice, direction, consent, waiver or other writing or action by any such Person shall bind its successors and assigns.

Section 10.3 Usage of Terms. With respect to all terms in this Trust Agreement, the singular includes the plural and the plural includes the singular; words importing any gender include the other gender; references to "writing" include printing, typing, lithography and other means of reproducing words in a visible form; references to agreements and other contractual instruments include all subsequent amendments thereto or changes therein entered into in accordance with their respective terms and not prohibited by this Trust Agreement; references to Persons include their successors and permitted assigns; and the term "including" means including without limitation.

Section 10.4 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 10.5 Amendments. This Trust Agreement may be supplemented or amended by the Manager as determined solely by the Manager and will not require the consent of the Beneficial Owners; provided, however, that without the written consent of the Trustee in its individual capacity, no such supplement or amendment shall be enforceable against the Trustee in its individual capacity to the extent such supplement or amendment affects the Trustee in its individual capacity. During the period that the Loan is outstanding, this Trust Agreement may not be supplemented or amended, and no term or provision hereof may be waived, discharged, or terminated without the consent of the Lender, which consent may be withheld in the Lender's sole and absolute discretion.

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Section 10.6 Notices. All notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof shall be in writing, and given by (i) overnight courier, or (ii) hand delivery and shall be deemed to have been duly given when received. Notices shall be provided to the parties at the addresses specified below.

If to the Depositor:
BR 79 West Investment Co, LLC
c/o Bluerock Real Estate, L.L.C.
1345 Avenue of the Americas,
32nd Floor, Suite B
New York, NY 10105

If to the Trustee:
Delaware Trust Company
251 Little Falls Drive
Wilmington, DE 19808
Attn: Alan Halpern

If to the Manager:
BR 79 West DST Manager, LLC
c/o Bluerock Real Estate, L.L.C.
1345 Avenue of the Americas,
32nd Floor, Suite B
New York, NY 10105

If to a Beneficial Owner, at such Person's address as specified in the most recent Ownership Records.

From time to time the Depositor, Trustee, or Manager may designate a new address for purposes of notice hereunder by notice to the others, and any Beneficial Owner may designate a new address for purposes of notice hereunder by notice to the Manager.

Section 10.7 Governing Law; Venue; Jury Trial Waiver. This Trust Agreement shall be governed by and construed and enforced in accordance with the laws of the state of Delaware (without regard to conflict of law principles). The laws of the state of Delaware pertaining to trusts (other than the Statutory Trust Act) shall not apply to this Trust Agreement, except to the extent otherwise required by the Statutory Trust Act. Any legal proceeding concerning interpretation or enforcement of any provision of this Trust Agreement shall be venued exclusively in the Borough of Manhattan, New York City, New York. Beneficial Owners hereby waive trial by jury in any action, proceeding or counterclaim brought by any of the parties hereto on any matters whatsoever arising out of or in any way connected with this Trust Agreement, or in connection with any emergency statutory or any other statutory remedy.

Section 10.8 Counterparts. This Trust Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 10.9 Severability. Any provision of this Trust Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, each of the parties hereby waives any provision of applicable law that renders any such provision prohibited or unenforceable in any respect.

Section 10.10 Signature of Beneficial Owners. Each Investor will execute the Signature Page for Assignee or Transferee Beneficial Owners of BR 79 West, DST in substantially the form set forth in Exhibit E hereto

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(the "Signature Page") in connection with their acquisition of a Class 1 Beneficial Ownership Interest. By executing the Signature Page, each Investor hereby acknowledges and agrees to be bound by the terms of the limited liability company agreement contemplated under Section 9.2 and in the form substantially similar to that set forth in Exhibit F hereto (the "LLC Agreement") when and if such limited liability company is formed in accordance with the LLC Agreement. In addition, in light of their agreement to this Section 10.11, each Investor hereby acknowledges and agrees that their signature to the LLC Agreement will not be required as of the Transfer Date (as defined in the LLC Agreement).

Section 10.11 Division. Neither the Trust nor the Trustee, the Manager or any other Person, shall have the power to divide the Trust under the Statutory Trust Act or under any applicable trust law. The Trust shall not file a certificate of division, adopt a plan of division, amend any of its organizational documents, or take, permit, or consent to any other actions in order to divide the Trust into two or more entities pursuant to a plan of division.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, each of the parties has caused this Trust Agreement to be duly executed as of the day and year first above written.

THE DEPOSITOR:

BR 79 WEST INVESTMENT CO, LLC, a Delaware limited liability company

By: Bluerock Real Estate Holdings, LLC,
a Delaware limited liability company, its Manager

By: _____
Name: Jordan Ruddy
Title: Authorized Signatory

THE MANAGER:

BR 79 WEST DST MANAGER, LLC,
a Delaware limited liability company

By: _____
Name: Jordan Ruddy
Title: Authorized Signatory

THE TRUSTEE:

DELAWARE TRUST COMPANY

By: _____
Name: _____
Title: _____

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EXHIBIT A

LAND – LEGAL DESCRIPTION

The land referred to herein below is situated in the County of Bay, State of FL, and described as follows:

Parcel 1:

Building A including all Parking Areas and Common Areas

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot R/W and the Westerly Boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1,972.97 feet; thence North 89° 05' 44" West, a distance of 434.70 feet; thence North 09° 56' 28" East, a distance of 63.84 feet to the Point of Beginning; thence South 89° 05' 44" East, a distance of 45.00 feet to a point of curve to the right having a radius of 41.00 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc a distance of 42.22 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 40.38 feet to a point of reverse curve to the left having a radius of 6.50 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc, a distance of 6.69 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 6.40 feet; thence South 89° 05' 44" East, a distance of 15.40 feet; thence South 00° 54' 16" West, a distance of 7.50 feet; thence South 89° 05' 44" East, a distance of 229.98 feet to a point of curve to the left having a radius of 51.50 feet and a central angle of 90° 02' 43"; thence Northeasterly along the arc a distance of 80.94 feet, having a chord bearing of North 45° 52' 54" East and a chord distance of 72.86 feet; thence North 00° 51' 33" East, a distance of 382.31 feet to a point of curve to the left having a radius of 21.50 feet and a central angle of 51° 19' 04"; thence Northwesterly along the arc a distance of 19.26 feet, having a chord bearing of North 24° 47' 59" West and a chord distance of 18.62 feet to a point of reverse curve to the right having a radius of 22.5 feet and a central angle of 51° 19' 04"; thence Northwesterly along the arc a distance of 20.15 feet, having a chord bearing of North 24° 47' 59" West and a chord distance of 19.49 feet; thence North 00° 51' 33" East a distance of 45.11 feet; thence North 89° 08' 27" West, a distance of 237.17 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 89° 09' 22" East a radial distance of 10.99 feet; thence Southeasterly along the arc, through a central angle of 89° 59' 05", a distance of 17.26 feet, having a chord bearing of South 44° 08' 55" East and a chord distance of 15.54 feet; thence South 89° 08' 27" East, a distance of 7.77 feet; thence South 00° 51' 33" West a distance of 20.01 feet; thence North 89° 08' 27" West, a distance of 8.92 feet; thence South 45° 51' 33" West a distance of 14.23 feet; thence South 14° 04' 46" East, a distance of 9.47 feet; thence South 76° 13' 02" West, a distance of 16.21 feet; thence South 45° 51' 33" West, a distance of 121.43 feet to a point of curve to the right having a radius of 4.19 feet and a central angle of 164° 55' 31"; thence Northwesterly along the arc a distance of 12.06 feet, having a chord bearing of North 51° 40' 42" West and a chord distance of 8.30 feet; thence North 30° 47' 04" East a distance of 13.32 feet to a point of curve to the left having a radius of 17.91 feet and a central angle of 94° 58' 29"; thence Northerly along the arc a distance of 29.69 feet. having a chord bearing of North 16° 42' 17" West and a chord distance of 26.40 feet to the beginning of a curve to the right of which the radius point lies North 25° 48' 33" East, a radial distance of 59.79 feet; thence Northwesterly along the arc, through a central angle of 14° 28' 48", a distance of 15.11 feet, having a chord bearing of North 56° 57' 06" West and a chord distance of 15.07 feet to a point of reverse curve to the left having a radius of 14.24 feet and a central angle of 39° 00' 50"; thence Westerly along the arc a distance of 9.70 feet, having a chord bearing of North 69° 13' 10" West and a chord distance of 9.51 feet; thence South 00 6 51’33" West a distance of 395.32 feet to the Point of Beginning.

Building B including all Parking Areas and Common Areas

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot R/W and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1427.13 feet; thence North 89° 08' 27" West a distance of 58.49 feet to the point of beginning; thence North 00° 51' 33" East, a distance of 45.11 feet to a point of curve to the right having a radius of 22.00 feet and a central angle of 49° 42' 25"; thence Northeasterly along the arc a distance of 19.09 feet, having a chord bearing of North 26° 45' 31" East and a chord distance of 18.49 feet to a point of reverse curve to the left having a radius of 22.00 feet and a central angle of 51° 53' 25"; thence Northeasterly along the arc, a distance of 19.92 feet, having a

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chord bearing of North 26° 48' 15" East and a chord distance of 19.25 feet; thence North 00° 51' 33" East a distance of 324.94 feet; thence North 89° 08' 27" West, a distance of 463.24 feet; thence South 00° 51' 33" West, a distance of 307.92 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 01° 09' 24" West a radial distance of27.54 feet; thence Northeasterly along the arc, through a central angle of 47° 33' 39", a distance of 22.86 feet, having a chord bearing of North 65° 03' 47" East and a chord distance of 22.21 feet to a point of compound curve to the left having a radius of 14.00 feet and a central angle of 74° 21' 08"; thence Northerly along the arc, a distance of 18.17 feet, having a chord bearing of North 04° 06' 23" East and a chord distance of 16.92 feet to a point of reverse curve to the right having a radius of 66.00 feet and a central angle of 14° 40' 23"; thence Northwesterly along the arc, a distance of 16.90 feet, having a chord bearing of North 25° 42' 35" West and a chord distance of 16.86 feet; thence North 71° 36' 15" East a distance of 0.01 feet to the point of curve of a non-tangent curve to the right of which the radius point lies North 71° 36' 15" East, a radial distance of 4.58 feet; thence Northeasterly along the arc, through a central angle of 154° 24' 42"; thence Northeasterly along the arc, a distance of 12.35 feet, having a chord bearing of North 58° 43' 02" East and a chord distance of 8.94 feet; thence South 44° 08' 27" East a distance of 157.64 feet; thence South 89° 08' 27" East a distance of 95.88 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence North 89° 08' 27" West a distance of 7.77 feet to a point of curve to the left having a radius of 10.99 feet and a central angle of 90° 00' 55"; thence Southwesterly along the arc a distance of 17.27 feet, having a chord bearing of South 45° 51' 05" West and a chord distance of 15.55 feet; thence South 89° 08' 27" East a distance of 237.17 feet to the Point of Beginning.

Parcel 2:

Tract I

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1,972.97 feet; thence North 89° 05' 44" West, a distance of 434.70 feet; thence North 09° 58' 12" East, a distance of 63.84 feet to the point of beginning; thence North 89° 05' 44" West, a distance of 45.08 feet to a point of curve to the left having a radius of 41.00 feet and a central angle of 58° 00' 30"; thence Southwesterly along the arc a distance of 41.51 feet, having a chord bearing of South 61° 54' 01" West and a chord distance of 39.76 feet to a point of reverse curve to the right having a radius of 8.00 feet and a central angle of 58° 00' 30"; thence SouthWesterly along the arc, a distance of 8.10 feet, having a chord bearing of South 61° 54' 01" West and a chord distance of 7.76 feet; thence North 89° 05' 44" West, a distance of 250.42 feet to a point of curve to the right having a radius of 44.00 feet and a central angle of 89° 56' 11"; thence Northwesterly along the arc a distance of 69.07 feet, having a chord bearing of North 44° 07' 39" West and a chord distance of 62.19 feet; thence North 00° 50' 27" East, a distance of 375.74 feet to a point of curve to the left having a radius of 118.00 feet and a central angle of 29° 10' 56"; thence Northerly along the arc a distance of 60.10 feet, having a chord bearing of North 13° 45' 01" West and a chord distance of 59.45 feet; thence North 45° 51' 33" East, a distance of 39.57 feet; thence South 89° 08' 27" East, a distance of 167.21 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 89° 07' 35" West, a radial distance of 10.99 feet; thence Southwesterly along the arc, through a central angle of 89° 59' 07", a distance of 17.27 feet, having a chord bearing of South 45° 51' 59" West and a chord distance of 15.55 feet; thence North 89° 08' 27" West, a distance of 7.77 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence South 89° 08' 27" East, a distance of 80.75 feet; thence South 44° 08' 27" East, a distance of 154.40 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 45° 23' 57" East, a radial distance of 4.06 feet; thence Northeasterly along the arc, through a central angle of 163° 52' 44", a distance of 11.61 feet, having a chord bearing of North 53° 27' 31" East and a chord distance of 8.04 feet; thence North 28° 14' 14" West, a distance of 13.90 feet to a point of curve to the right having a radius of 17.91 feet and a central angle of 94° 58' 51"; thence Northerly along the arc a distance of 29.69 feet, having a chord bearing of North 19° 15' 12" East and a chord distance of 26.40 feet to the beginning of a curve to the left, of which the radius point lies North 23° 15' 42" West, a radial distance of 59.79 feet; thence Northeasterly along the arc, through a central angle of 14° 28' 42", a distance of 15.11 feet to a point of reverse curve to the right having a radius of 14.24 feet and a central angle of 39° 00' 50" ; thence Easterly along the arc, a distance of 9.70 feet, having a chord bearing of North 71° 46' 00" East and a chord distance of 9.51 feet; thence South 00° 51' 33" West, a distance of 395.32 feet to the Point of Beginning.

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Parcel 3:

Tract IV

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1023.13 feet; thence North 89° 08' 27" West a distance of 505.23 feet to the point of beginning; thence South 00° 51' 33" West, a distance of 307.92 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 01° 09' 24" West a radial distance of 27.54 feet; thence Westerly along the arc, through a central angle of 44° 44' 08", a distance of 21.50 feet, having a chord bearing of North 68° 47' 20" West and a chord distance of 20.96 feet to a point of compound curve to the right having a radius of 14.00 feet and a central angle of 82° 13' 37"; thence Northerly along the arc, a distance of 20.09 feet, having a chord bearing of North 05° 18' 28'' West and a chord distance of 18.41 feet to a point of reverse curve to the left having a radius of 66.00 feet and a central angle of 15° 41' 02"; thence Northeasterly along the arc, a distance of 18.07 feet, having a chord bearing of North 27° 57' 50" East and a chord distance of 18.01 feet to a point of curve of a non tangent curve to the left, of which the radius point lies North 69° 52' 41" West, a radial distance of 4.59 feet; thence Northwesterly along the arc, through a central angle of 154° 15' 47", a distance of 12.37 feet, having a chord bearing of North 57° 00' 34" West and a chord distance of 8.96 feet; thence South 45° 51' 33" West, a distance of 157.64 feet; thence North 89° 08' 27" West, a distance of 6.63 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence South 89° 08'27" East a distance of 7.77 feet to a point of curve to the right having a radius of 10.99 feet and a central angle of 90° 00' 53"; thence Southeasterly along the arc a distance of 17.27 feet, having a chord bearing of South 44° 08' 01" East and a chord distance of 15.55 feet; thence North 89° 08' 27" West, a distance of 167.21 feet; thence South 45° 51' 33" West, a distance of 39.57 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 61° 39' 31" West, a radial distance of 118.00 feet; thence Northwesterly along the arc, through a central angle of 33° 17' 34", a distance of 68.57 feet, having a chord bearing of North 44° 59' 16" West and a chord distance of 67.61 feet; thence North 61° 38' 03" West, a distance of 61.40 feet to the beginning of a curve to the right, of which the radius point lies North 28° 21' 57" East, a radial distance of 84.00 feet; thence Northwesterly along the arc, through a central angle of 62° 27' 50", a distance of 91.58 feet; thence North 00° 49' 47" East, a distance of 282.07 feet; thence South 89° 08' 27" East, a distance of 463.84 feet to the Point of Beginning.

Parcel 4:

Ingress/Egress Parcel "A"

Beneficial easements as set forth in exhibit f to that certain Easement Agreement recorded March 2, 2005 in Official Records Book 2571 Page 1332, of the Public Records of Bay County, Florida, as follows:

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West a distance of 1023.13 feet to the point of beginning; thence continue Southerly along said line, a distance of 949.84 feet; thence North 89° 05' 44" West, a distance of 845.62 feet; thence North 00° 50' 27" East, a distance of 492.17 feet; thence North 61° 19' 33" West, a distance of 184.43 feet; thence North 00° 49' 47" East, a distance of 370.94 feet; thence South 89° 08' 27" East, a distance of 40.01 feet; thence South 00° 49' 47" West, a distance of 282.07 feet to a point of curve to the left having a radius of 84.00 feet and a central angle of 62° 27' 50"; thence Southeasterly along the arc a distance of 91.58 feet, having a chord bearing of South 30° 24' 08" East and a chord distance of 87.11 feet; thence South 51° 38' 03" East a distance of 51.40 feet to a point of curve to the right having a radius of 118.00 feet and a central angle of 62° 28' 30" ; thence Southeasterly along the arc a distance of 128.67 feet. having a chord bearing of South 30° 23' 48" East and a chord distance of 122.39 feet; thence South 00° 50' 27" West, a distance of 375.74 feet to a point of curve to the left having a radius of 44.00 feet and a central angle of 89° 56' 11"; thence Southeasterly along the arc a distance of 59.07 feet, having a chord bearing of South 44° 07' 39" East and a chord distance of 62.19 feet; thence South 89° 05' 44" East, a distance of 250.42 feet to a point of curve to the left having a radius of 8.00 feet and a central angle of 58° 00' 30"; thence Northeasterly along the arc a distance of 8.10 feet, having a chord bearing of North 61° 54' 01" East and a chord distance of 7.76 feet to a point of reverse curve to the right having a radius of 41.00 feet and a central angle of 58° 00' 30"; thence Northeasterly along the arc, a

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distance of 41.51 feet, having a chord bearing of North 61° 54' 01" East and a chord distance of 39.76 feet; thence South 89° 05' 44" East, a distance of 90.08 feet to a point of curve to the right having a radius of 41.00 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc a distance of 42.22 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 40.38 feet to a point of reverse curve to the left having a radius of 6.50 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc, a distance of 6.69 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 6.40 feet; thence South 89° 05' 44" East, a distance of 244.88 feet to a point of curve to the left having a radius of 44.00 feet and a central angle of 90° 02' 43"; thence Northeasterly along the arc a distance of 69.15 feet, having a chord bearing of North 45° 52' 55" East and a chord distance of 62.25 feet; thence North 00° 51' 33" East a distance of 382.71 feet to a point of curve to the left having a radius of 14.00 feet and a central angle of 50° 28' 44"; thence Northwesterly along the arc a distance of 12.33 feet, having a chord bearing of North 24° 22' 49" West and a chord distance of 11.94 feet to a point of reverse curve to the right having a radius of 30.00 feet and a central angle of 50° 28' 44"; thence Northwesterly along the arc, a distance of 26.43 feet, having a chord bearing of North 24° 22' 49" West and a chord distance of 25.58 feet; thence North 00° 51' 33" East, a distance of 90.22 feet to a point of curve to the right having a radius of 30.00 feet and a central angle of 50° 28' 44"; thence Northeasterly along the arc a distance of 26.43 feet, having a chord bearing of North 26° 05' 55" East and a chord distance of 25.58 feet to a point of reverse curve to the left having a radius of 14.00 feet and a central angle of 50° 28' 44"; thence Northeasterly along the arc, a distance of 12.33 feet, having a chord bearing of North 26° 05' 55" East and a chord distance of 11.94 feet; thence North 00° 51' 33" East a distance of 324.94 feet; thence South 89° 08' 27" East, a distance of 49.99 feet to the Point of Beginning.

Parcel 5:

Pool Tract

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway -200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1,972.97 feet; thence North 89° 05' 44" West, a distance of 434.70 feet; thence North 09° 58' 12" East, a distance of 63.84 feet; thence North 00° 51' 33" East, a distance of 395.32 feet to the point of beginning and the beginning of a curve to the left, of which the radius point lies South 01° 16' 25" West, a radial distance or 14.24 feet; thence Westerly along the arc, through a central angle of 39° 00' 50", a distance of 9.70 feet to a point of reverse curve to the right having a radius of 59.79 feet and a central angle of 14° 28' 42"; thence Southwesterly along the arc, a distance of 15.11 feet, having a chord bearing of South 59° 29' 56" West and a chord distance of 15.07 feet; thence due North, a distance of 0.00 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 23° 15' 22" East, a radial distance of 17.91 feet; thence Southerly along the arc, through a central angle of 94° 58' 51", a distance of 29.69 feet, having a chord bearing of South 19° 15' 13" West and a chord distance of 26.41 feet; thence South 28° 14' 14" East, a distance of 13.90 feet to the point of curve of a non tangent curve to the right, of which the radius point lies South 61° 31' 13" West, a radial distance of 4.06 feet; thence Southwesterly along the arc, through a central angle of 163° 52' 44", a distance of 11.61 feet, having a chord bearing of South 53° 27' 35" West and a chord distance of 8.04 feet; thence North 44° 08' 27" West, a distance of 154.40 feet; thence North 89° 08' 27" West, a distance of 80.75 feet; thence North 00° 51' 33" East, a distance of 20.01 feet; thence South 89° 08' 27" East, a distance of 7.77 feet to a point of curve to the left having a radius of 10.99 feet and a central angle of 89° 59' 07"; thence Northeasterly along the arc a distance of 17.26 feet, having a chord bearing of North 45° 52' 00" East and a chord distance of 15.54 feet; thence continue Northwesterly along said curve through a central angle of 90° 00' 53", a distance of 17.27 feet, having a chord bearing of North 44° 08' 01" West and a chord distance of 15.54 feet; thence North 89° 08' 27" West, a distance of 7.77 feet; thence North 00° 51' 33" East, a distance of 20.01 feet; thence South 89° 08' 27" East, a distance of 6.63 feet; thence North 45° 51' 33" East, a distance of 157.64 feet to a point of curve to the right having a radius of 4.59 feet and a central angle of 154° 15' 18"; thence Southeasterly along the arc a distance of 12.36 feet, having a chord bearing of South 57° 00' 34" East and a chord distance of 8.95 feet; thence due North, a distance of 0.00 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 69° 52' 41" West a radial distance of 66.00 feet; thence Southwesterly along the arc, through a central angle of 15° 41' 02", a distance of 18.07 feet, having a chord bearing of South 27° 57' 50" West and a chord distance of 18.01 feet to a point of reverse curve to the left having a radius of 14.00 feet and a central angle of 82° 13' 37"; thence Southerly along the arc a distance of 20.09 feet, having a chord bearing of South 05° 18' 28" East and a chord distance of 18.41 feet to a point of compound curve to the left having a radius of 27.54 feet and a central angle of 44° 44' 08"; thence Easterly along the arc, a distance of 21.50 feet,

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having a chord bearing of South 68° 47' 20" East and a chord distance of 20.96 feet, thence continue Northeasterly along said curve through a central angle of 47° 33' 39", a distance of 22.86 feet, having a chord bearing of North 65° 03' 47" East and a chord distance of 22.21 feet to a point of compound curve to the left having a radius of 14.00 feet and a central angle of 74° 21' 08"; thence Northerly along the arc, a distance of 18.17 feet, having a chord bearing of North 04° 06' 23" East and a chord distance of 16.92 feet to a point of reverse curve to the right having a radius of 66.00 feet and a central angle of 14° 40' 26"; thence Northwesterly along the arc, a distance of 16.90 feet, having a chord bearing of North 25° 43' 58" West and a chord distance of 16.86 feet; thence North 71° 36' 15" East, a distance of 0.01 feet to the point of curve of a non tangent curve to the right of which the radius point lies North 71° 36' 15" East, a radial distance of 4.59 feet; thence Northeasterly along the arc, through a central angle of 154° 15' 18", a distance of 12.36 feet, having a chord bearing of North 58° 43' 54" East and a chord distance of 8.95 feet; thence South 44° 08' 27" East, a distance of 157.64 feet; thence South 89° 08' 27" East, a distance of 95.88 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence North 89° 08' 27" West, a distance of 7.77 feet to a point of curve to the left having a radius of 10.99 feet and a central angle of 90° 00' 55"; thence Southwesterly along the arc a distance of 17.27 feet, having a chord bearing of South 45° 51' 06" West and a chord distance of 15.54 feet; thence continue Southeasterly along said curve through a central angle of 89° 59' 05" a distance of 17.26 feet, having a chord bearing of South 44° 08' 55" East and a chord distance of 15.54 feet; thence South 89° 08' 27" East, a distance of 7.77 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence North 89° 08' 27" West, a distance of 8.92 feet; thence South 45° 51' 33" West, a distance of 154.40 feet to a point of curve to the right having a radius of 4.19 feet and a central angle of 164° 55' 31"; thence Northwesterly along the arc a distance of 12.06 feet, having a chord bearing of North 51° 40' 42" West and a chord distance of 8.31 feet; thence North 30° 47' 04" East a distance of 13.32 feet to a point of curve to the left having a radius of 17.91 feet end a central angle of 94° 58' 51"; thence Northerly along the arc a distance of 29.69 feet, having a chord bearing of North 16° 42' 22" West and a chord distance of 26.41 feet; thence due North, a distance of 0.00 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 25° 48' 33" East, a radial distance of 59.79 feet; thence Northwesterly along the arc, through a central angle of 14° 28' 42" North , a distance of 15.11 feet, having a chord bearing of North 56° 57' 06" West and a chord distance of 15.07 feet to a point of reverse curve to the left having a radius of 14.24 feet and a central angle of 39° 00' 50"; thence Westerly along the arc, a distance of 9.70 feet, having a chord bearing of North 69° 13' 101" West and a chord distance of 9.51 feet to the Point of Beginning.

Parcel 6:

Beneficial Easements granted in that certain Easement Agreement by and between Cabana Cay, LLC, a Florida limited liability company, Gulf Destination Enterprise, Inc., a Florida corporation, PCB investments, L.L.C., a Florida limited liability company and F&J investments, L.L.C., a Florida limited liability company dated March 1, 2005, recorded March 2, 2005, and recorded in Official Records Book 2571, Page 1332, of the Public Records of Bay County, Florida.

For lands more fully described as follows:

Legal description - Ingress/Egress Parcel "B"

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 221.13 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 505.23 feet to the Point of Beginning; thence North 89 degrees 08 minutes 27 seconds West, a distance of 464.26 feet; thence South 00 degrees 49 minutes 47 seconds West, a distance of 396.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 40.01 feet; thence North 00 degrees 49 minutes 47 seconds East, a distance of 415.24 feet; thence South 67 degrees 42 minutes 35 seconds East, a distance of 16.38 feet; thence North 00 degrees 48 minutes 42 seconds East, a distance of 41.24 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 489.07 feet; thence South 01 degrees 51 minutes 33 seconds West, a distance of 54.30 feet to the Point of Beginning

Legal description - Ingress/Egress Parcel "C"

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway

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- 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 221.13 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 969.49 feet; thence South 00 degrees 49 minutes 47 seconds West, a distance of 396.00 feet to the point of beginning; thence South 00 degrees 49 minutes 47 seconds West, a distance of 406.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 40.01 feet; thence North 00 degrees 49 minutes 47 seconds East, a distance of 406.00 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 40.01 feet to the Point of Beginning.

Legal description - Ingress/Egress Parcel "D"

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 617.13 feet to the Point of Beginning; thence South 00 degrees 51 minutes 33 seconds West, a distance of 406.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 49.99 feet; thence North 00 degrees 51 minutes 33 seconds East, a distance of 406.00 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 49.99 feet to the Point of Beginning.

Legal Description - Ingress/Egress Parcel "E”

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida, being the point of beginning; thence South 00 degrees 51 minutes 33 seconds West, a distance of 617.13 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 49.99 feet; thence North 01 degree 51 minutes 33 seconds East, a distance of 396.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 455.24 feet; thence North 01 degree 51 minutes 33 seconds East, a distance of 54.30 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 455.24 feet; thence North 00 degrees 51 minutes 33 seconds East, a distance of 186.53 feet; thence South 67 degrees 37 minutes 54 seconds East, a distance of 53.73 to the Point of Beginning.

Parcel 7:

Beneficial Easements in that certain Ingress/Egress Easement Agreement by and between Cabana Beach Club, L.L.C., a Florida limited liability company, and Cabana Cay Investments, LLC, an Ohio limited liability company, dated March 1, 2005, recorded March 2, 2005 in Official Records Book 2571, Page 1402, of the Public Records of Bay County, Florida.

For lands more fully described as follows:

Legal description - Tract A

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 523.60 feet to the point of beginning; said point also being the beginning of a curve to the right, of which the radius point lies South 89 degrees 40 minutes 42 seconds West, a radial distance of 41.00 feet; thence SouthWesterly along the arc, through a central angle of 57 degrees 23 minutes 54 seconds, a distance of 41.07 feet; thence South 00 degrees 51 minutes 33 seconds West, a distance of 81.06 feet; thence South 04 degrees 04 minutes 32 seconds West, a distance of 134.13 feet; thence South 00 degrees 54 minutes 02 seconds West, a distance of 57.43 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 86 degrees 58 minutes 40 seconds East, a radial distance of 102.69 feet; thence Southerly along the arc, through a central angle of 11 degrees 59 minutes 27 seconds, a distance of 21.49 feet, having a chord bearing of South 09 degrees 01 minutes 03 seconds East and a chord distance of 21.45 feet to a point of compound curve to the left having a radius of 20.00 feet and a central angle of 74 degrees 07 minutes 41 seconds; thence Southeasterly along the arc, a distance of 25.88 feet,

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having a chord bearing of South 52 degrees 04 minutes 37 seconds East and a chord distance of 24.11 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 90.58 feet; thence South 01 degrees 03 minutes 11 seconds West, a distance of 179.58 feet; thence North 61 degrees 20 minutes 38 seconds West, a distance of 45.14 feet; thence North 01 degree 03 minutes 11 seconds East, a distance of 118.53 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 60.08 to a point of curve to the right having a radius of 60.00 feet and a central angle of 90 degrees 05 minutes 35 seconds; thence Northwesterly along the arc a distance of 94.35 feet, having a chord bearing of North 44 degrees 05 minutes 40 seconds West and a chord distance of 84.92 feet; thence North 00 degrees 57 minutes 08 seconds East, a distance of 295.23 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 50 degrees 00 minutes 30 seconds East, a radial distance of 41.00 feet; thence Northerly along the arc, through a central angle of 40 degrees 05 minutes 10 seconds, a distance of 28.69 feet, having a chord bearing of North 18 degrees 55 minutes 07 seconds West and a chord distance of 28.40 feet; thence South 89 degrees 05 minutes 44 seconds East, a distance of 81.98 feet to the Point of Beginning.

Legal description - Tract B

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 434.70 feet to the point of beginning; thence South 01 degrees 03 minutes 11 seconds West, a distance of 342.92 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 90.58 feet to a point of curve to the right having a radius of 20.00 feet and a central angle of 74 degrees 07 minutes 41 seconds; thence Northwesterly along the arc a distance of 25.88 feet, having a chord bearing of North 52 degrees 04 minutes 37 seconds West and a chord distance of 24.11 feet to a point of compound curve to the right having a radius of 102.69 feet and a central angle of 11 degrees 59 minutes 27 seconds; thence Northerly along the arc, a distance of 21.49 feet, having a chord bearing of North 09 degrees 01 minutes 03 seconds West and a chord distance of 21.45 feet; thence North 00 degrees 54 minutes 02 seconds East, a distance of 57.43 feet; thence North 04 degrees 04 minutes 32 seconds East, a distance of 134.13 feet; thence North 00 degrees 51 minutes 33 seconds East, a distance of 81.06 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 32 degrees 55 minutes 24 seconds West, a radial distance of 41.00 feet; thence Northeasterly along the arc, through a central angle of 57 degrees 23 minutes 54 seconds, a distance of 41.07 feet, having a chord bearing of North 28 degrees 22 minutes 39 seconds East and a chord distance of 39.38 feet; thence South 89 degrees 05 minutes 44 seconds East, a distance of 88.90 feet to the Point of Beginning.

Legal description - Tract C

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 434.70 feet; thence South 01 degrees 03 minutes 11 seconds West, a distance of 552.50 feet; thence North 61 degrees 20 minutes 38 seconds West, a distance of 45.14 feet to the point of beginning; thence continue North 61 degrees 20 minutes 38 seconds West along said line, a distance of 135.50 feet; thence North 00 degrees 57 minutes 08 seconds East, a distance of 115.43 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 89 degrees 02 minutes 52 seconds East, a radial distance of 60.00 feet; thence Southeasterly along the arc, through a central angle of 90 degrees 05 minutes 35 seconds, a distance of 94.35 feet, having a chord bearing of South 44 degrees 05 minutes 40 seconds East and a chord distance of 84.92 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 60.08 feet; thence South 01 degree 03 minutes 11 seconds West, a distance of 118.53 feet to the Point of Beginning.

Legal description - Tract D

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay county, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of

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605.58 feet to the point of beginning; said point also being the beginning of a curve to the left, of which the radius point lies South 87 degrees 52 minutes 10 seconds East, a radial distance of 41.00 feet; thence Southerly along the arc, through a central angle of 40 degrees 05 minutes 10 seconds, a distance of 28.69 feet; thence South 00 degrees 57 minutes 08 seconds West, a distance of 111.43 feet; thence North 61 degrees 20 minutes 38 seconds West, a distance of 282.42 feet; thence North 00 degrees 50 minutes 27 seconds East, a distance of 7.65 feet; thence South 89 degrees 05 minutes 44 seconds East, a distance of 240.04 feet to the Point of Beginning.

East Beach Access Parcel

Beneficial Easements as set forth in paragraph 4 of exhibit a to that certain Warranty Deed and Easement Agreement recorded June 15, 2000 in Official RecordsBbook 1953, Page 1835, as redefined in that certain Easement Agreement recorded March 2, 2005 in Official Records Book Book 2571 Page 1332, of the Public Records of Bay County, Florida, as follows:

Commencing at the intersection of the West line of Section 18, Township 03 South, Range 16 West, Bay County, Florida and the Southerly right-of-way (r/w) of Front Beach Road (U.S. Highway 98 -State Highway 30 - 100 foot r/w); thence along said r/w, South 61 degrees 06 minutes 16 seconds East, a distance of 999.27 feet to the point of beginning; thence continue along said r/w, South 61 degrees 06 minutes 44 seconds West, a distance of 8.03 feet; thence leaving said r/w, South 28 degrees 53 minutes 44 seconds West, a distance of 228 feet, more or less, to the waters edge of the gulf of Mexico; thence along said waters edge, Northwesterly, a distance of 8.03 feet, more or less; thence North 28 degrees 53 minutes 44 seconds East, a distance of 228 feet, more or less, to said r/w and the Point of Beginning.

West Beach Access Parcel

Beneficial Easements as set forth in paragraph 3 of exhibit a to that certain Warranty Deed and Easement Agreement recorded June 15, 2000 in Official Records Book 1953, page 1835, as redefined in that certain Easement Agreement recorded March 2, 2005 in Official Records Book 2571 Page 1332, of the Public Records of Bay County, Florida, as follows:

Commencing at the intersection of the West line of Section 18, Township 03 South, Range 16 West, Bay County, Florida and the Southerly right-of-way (r/w) of Front Beach Road (U.S. Highway 98 -State Highway 30 - 100 foot r/w); thence along said r/w South 61 degrees 06 minutes 16 seconds East, a distance of 576.90 feet to the point of beginning; thence continue along said r/w South 61 degrees 06 minutes 16 seconds East, a distance of 7.81 feet; thence leaving said r/w, South 28 degrees 53 minutes 44 seconds West, a distance of 228 feet, more or less, to the water's edge of the gulf of Mexico; thence along said waters edge Northwesterly, a distance of 7.81 feet, more or less; thence leaving said waters edge, North 28 degrees 53 minutes 44 seconds East, a distance of 228 feet, more or less, to said r/w and the Point of Beginning.

North Beach Access Parcel

Rights contained in that certain Ingress and Egress Easement recorded in Official Records Book 1692, Page 330, of the Public Records of Bay County, Florida, for lands more fully described as follows:

The Westerly Six (6) feet of the following described property:

Commence at a point where the North r/w line of U.S. Highway 98 intersects the West line of Section 18, Township 3 South, Range 16 West; thence Southeasterly along said r/w line 534.25 feet to the point of beginning; thence North 300 feet; thence Southeasterly parallel to said Highway 98, 108.64 feet; thence South 300 feet to said North r/w line; thence Northwesterly along said r/w line 108.64 feet to the Point of Beginning.

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EXHIBIT B-1

FORM OF CLASS 1 BENEFICIAL OWNERSHIP CERTIFICATE

THIS CLASS 1 BENEFICIAL OWNERSHIP CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY IN ANY JURISDICTION. THIS CLASS 1 BENEFICIAL OWNERSHIP CERTIFICATE MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED, OTHER THAN PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS. TRANSFER OF A BENEFICIAL INTEREST IN THE TRUST, OR OF ANY RIGHT, TITLE OR INTEREST THEREIN, SHALL OCCUR IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE TRUST AGREEMENT AND ONLY UPON AND BY VIRTUE OF THE ENTRY OF SUCH TRANSFER IN THE OWNERSHIP RECORDS OF THE TRUST. THIS CLASS 1 BENEFICIAL OWNERSHIP CERTIFICATE IS NON-TRANSFERABLE AND MAY NOT BE NEGOTIATED, ENDORSED OR OTHERWISE TRANSFERRED TO A HOLDER.

BR 79 WEST, DST

CLASS 1 BENEFICIAL OWNERSHIP CERTIFICATE

No. _____

BR 79 West, DST, a statutory trust organized under the laws of the State of Delaware (the "Issuer"), certifies that_____ is the owner of a Class 1 Beneficial Interest equal to __% (_____ percent) of the interest in the Issuer, issued pursuant to the Amended and Restated Trust Agreement dated as of January 13, 2022 (as may be amended or supplemented from time to time, the "Trust Agreement") by and among BR 79 West Investment Co, LLC, as Depositor, BR 79 West DST Manager, LLC, as Manager, and Delaware Trust Company, as Trustee.

All capitalized terms used in this Class 1 Beneficial Ownership Certificate and not defined herein shall have the meanings assigned to such terms in the Trust Agreement. Reference is made to the Trust Agreement and any agreements supplemental thereto for a statement of the respective rights and obligations thereunder of the Depositor, the Manager, the Trustee, and the Beneficial Owners. This Class 1 Beneficial Ownership Certificate is subject to all terms of the Trust Agreement.

The Class 1 Beneficial Interest evidenced by this Class 1 Beneficial Ownership Certificate is subject to a right of first refusal in favor of the Manager (or any Affiliate thereof designated by the Manager) and the other Class 1 Beneficial Owners. Additional information concerning the terms of the right of first refusal are set forth in Section 6.4 of the Trust Agreement.

This Class 1 Beneficial Ownership Certificate shall in all respects be governed by, and construed in accordance with, the laws of the State of Delaware.

By accepting this Class 1 Beneficial Ownership Certificate, the holder hereof hereby acknowledges and agrees that in its capacity as a Beneficial Owner it lacks the ability to (i) seek a partition of the Trust's assets, (ii) file a voluntary bankruptcy petition on behalf of the Trust, or (iii) institute against, or join any other Person in instituting against, the Trust, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceedings under any applicable insolvency law.

IN WITNESS WHEREOF, the Issuer has caused this Class 1 Beneficial Ownership Certificate to be signed manually by the Manager in accordance with the terms of the Trust Agreement.

Date: _____

BR 79 WEST, DST

By: BR 79 West DST Manager, LLC, not in its individual capacity, but solely as Manager of the Issuer

By:_____
Name:_____
Title:_____

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EXHIBIT B-2

FORM OF CLASS 2 BENEFICIAL OWNERSHIP CERTIFICATE

THIS CLASS 2 BENEFICIAL OWNERSHIP CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY IN ANY JURISDICTION. THIS CLASS 2 BENEFICIAL OWNERSHIP CERTIFICATE MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED, OTHER THAN PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS. TRANSFER OF A BENEFICIAL INTEREST IN THE TRUST, OR OF ANY RIGHT, TITLE OR INTEREST THEREIN, SHALL OCCUR ONLY UPON AND BY VIRTUE OF THE ENTRY OF SUCH TRANSFER IN THE OWNERSHIP RECORDS OF THE TRUST. THIS CLASS 2 BENEFICIAL OWNERSHIP CERTIFICATE IS NON-TRANSFERABLE AND MAY NOT BE NEGOTIATED, ENDORSED OR OTHERWISE TRANSFERRED TO A HOLDER.

BR 79 WEST, DST

CLASS 2 BENEFICIAL OWNERSHIP CERTIFICATE

No. _____

BR 79 West, DST, a statutory trust organized under the laws of the State of Delaware (the "Issuer"), certifies that _____ is the owner of ____% of the issued and outstanding Class 2 Beneficial Interests in the Issuer, issued pursuant to the Amended and Restated Trust Agreement dated as of January 13, 2022 (as may be amended or supplemented from time to time, the "Trust Agreement") by and among BR 79 West Investment Co, LLC, as Depositor, BR 79 West DST Manager, LLC, as Manager, and Delaware Trust Company, as Trustee.

All capitalized terms used in this Class 2 Beneficial Ownership Certificate and not defined herein shall have the meanings assigned to such terms in the Trust Agreement. Reference is made to the Trust Agreement and any agreements supplemental thereto for a statement of the respective rights and obligations thereunder of the Depositor, the Manager, the Trustee, and the Beneficial Owners. This Class 2 Beneficial Ownership Certificate is subject to all terms of the Trust Agreement. Any transferee or assignee of all or any portion of the Class 2 Beneficial Ownership Interests represented by this Class 2 Beneficial Ownership Certificate is subject to, and agrees to be bound and abide by the terms of the Trust Agreement.

This Class 2 Beneficial Ownership Certificate shall in all respects be governed by, and construed in accordance with, the laws of the State of Delaware.

By accepting this Class 2 Beneficial Ownership Certificate, the holder hereof hereby acknowledges and agrees that in its capacity as a Beneficial Owner it lacks the ability to (i) seek a partition of the Trust's assets, (ii) file a voluntary bankruptcy petition on behalf of the Trust, or (iii) institute against, or join any other Person in instituting against, the Trust, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceedings under any applicable insolvency law.

IN WITNESS WHEREOF, the Issuer has caused this Class 2 Beneficial Ownership Certificate to be signed manually by the Manager in accordance with the terms of the Trust Agreement.

Date: _____

BR 79 WEST, DST

By: BR 79 West DST Manager, LLC, not in its individual capacity, but solely as Manager of the Issuer

By:_____
Name:_____
Title:_____

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ENDORSEMENT

FOR VALUE RECEIVED, BR 79 West Investment Co, LLC, the registered holder, hereby assigns, transfers, conveys, and delivers unto _____ the Class 2 Beneficial Interests in BR 79 West, DST, a Delaware statutory trust (the "Trust"), standing in its name on the books of said Trust and represented by Class 2 Beneficial Ownership Certificate, Certificate Number 1 and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Class 2 Beneficial Ownership Interest on the books of the Trust with full power of substitution in the premises.

Dated: _____

BR 79 West Investment Co, LLC

By: Bluerock Real Estate Holdings, LLC, its manager

By: _____
Name: Jordan Ruddy
Its: Authorized Signatory

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EXHIBIT C

CERTIFICATE OF TRUST
OF
BR 79 WEST, DST

(COPY TO BE ATTACHED)

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EXHIBIT D

OWNERSHIP RECORDS
FOR
BR 79 WEST, DST
LAST REVISED _____ __, 20__.

Name:	Mailing Address:	Percentage (%) Beneficial Interest
_____	_____	_____

I hereby certify that the foregoing Ownership Records are complete and accurate as of the date set forth above.

BR 79 West DST Manager, LLC, not in its individual capacity, but solely as Manager

By:_____
Name:_____
Title:_____

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EXHIBIT E

AGREEMENT OF ASSIGNEE OR TRANSFEREE BENEFICIAL OWNER OF

BR 79 WEST, 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 Amended and Restated Trust Agreement of BR 79 West, DST (the "Trust"), dated as of January 13, 2022 (the "Trust Agreement"), by and among BR 79 West Investment Co, LLC, as Depositor, BR 79 West DST Manager, LLC, as Manager, and Delaware Trust Company, as Trustee, and hereby covenants and agrees to be bound by the Trust Agreement as a Class 1 Beneficial Owner under the Trust. All capitalized terms used herein, and not defined herein shall have the meanings given to such terms in the Trust Agreement.

In connection with the purchase of the Class 1 Beneficial Interest, the undersigned hereby makes the following representations, warranties, covenants, acknowledgments, agreements, and understandings to and in favor of the Trust, the Depositor, the Manager, and the Trustee:

1.1 Acknowledges (i) that the Class 1 Beneficial Interest being acquired by the undersigned is (A) pursuant to the contract of sale or other written agreement attached hereto as Exhibit A and that there are no side letters or other undisclosed understandings or agreements between buyer and seller (hereinafter the "Offer") and (B) the Offer is subject to a right of first refusal in favor of the other Beneficial Owners and the Manager, all as more particularly set forth in Section 6.4 of the Trust Agreement and (ii) that the failure of the Manager and other Beneficial Owners of being given the right to exercise said right of first refusal could (A) void the undersigned's acquisition of the subject Class 1 Beneficial Interest or (B) otherwise have an adverse effect on the undersigned's right, title and interest in and to the subject Class 1 Beneficial Interest.

1.2 Represents and warrants that the undersigned: (i) understands and is aware that there are substantial uncertainties regarding the treatment of the undersigned's Class 1 Beneficial Interest as real estate for federal income tax purposes; (ii) fully understands that there is significant risk that the undersigned's Class 1 Beneficial Interest will not be treated as real estate for federal income tax purposes; (iii) has independently obtained advice from its legal counsel and/or accountant regarding any tax-deferred exchange under Code Section 1031, including, without limitation, whether the acquisition of the undersigned's Class 1 Beneficial Interest may qualify as part of a tax-deferred exchange, and the undersigned is relying on such advice and not on the opinion of counsel issued to the Trust or upon any statements in the Memorandum (as defined below) regarding the tax treatment of the Class 1 Beneficial Interests; (iv) is aware that the Internal Revenue Service ("IRS") has issued Revenue Ruling 2004-86 (the "Revenue Ruling") specifically addressing Delaware statutory trusts, the Revenue Ruling is merely guidance and is not a "safe-harbor" for taxpayers or sponsors, and, without the issuance of a Private Letter Ruling on a specific offering, there is no assurance that the undersigned's Class 1 Beneficial Interest will not be treated as a partnership interest for federal income tax purposes; (v) understands that the Trust has not obtained a ruling from the IRS that the undersigned's Class 1 Beneficial Interest will be treated as an undivided interest in real estate as opposed to an interest in a partnership; (vi) understands that the tax consequences of an investment in the undersigned's Class 1 Beneficial Interest, especially the treatment of the transaction described herein under Code Section 1031 and the related "1031 Exchange" rules, are complex and vary with the facts and circumstances of each individual purchaser; (vii) understands that, notwithstanding the opinion of counsel issued to the Trust states that a purchaser's Class 1 Beneficial Interest "should" be considered a real property interest and not a partnership interest for federal income tax purposes, no assurance can be given that the IRS will agree with this opinion; and (viii) shall, for federal income tax purposes, report the purchase of the Class 1 Beneficial Interest by the undersigned as a purchase by the undersigned of a direct ownership interest in the Real Estate.

1.3 Acknowledges that the undersigned (i) has received from the undersigned's transferor or assignor a courtesy copy of the private offering memorandum regarding the sale of the Class 1 Beneficial Interests by the Trust (together with any addendums or supplements thereto, the "Memorandum") and the Trust Agreement and (ii) is familiar with and understands each of the foregoing including the "Risk Factors" set forth in the Memorandum.

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1.4 Represents and warrants that the undersigned, in determining to acquire the Class 1 Beneficial Interest, has relied solely upon the advice of the undersigned's legal counsel and accountants or other financial advisors with respect to the tax and other consequences involved in acquiring the Class 1 Beneficial Interest and that none of the Sponsor, the Trust, the Trustee, the Manager, or the Depositor (or any of their respective owners, officers, affiliates, representatives, professionals or agents) has made any representation to the undersigned regarding the Class 1 Beneficial Interest or the assets or liabilities of the Trust or the financial viability of the Trust or an investment in the Class 1 Beneficial Interests.

1.5 Acknowledges that the Class 1 Beneficial Interest being acquired will be governed by the terms and conditions of the Trust Agreement, and under certain circumstances by the limited liability company operating agreement contemplated under Section 9.2 of the Trust Agreement and attached as Exhibit F thereto, both of which the undersigned accepts and by which the undersigned agrees by execution hereof to be legally bound notwithstanding that his or her signature will not be required on either agreement.

1.6 Represents and warrants that the undersigned either (i) is an accredited investor, or (ii) is acquiring the Class 1 Beneficial Interest in a fiduciary capacity for a person meeting such condition.

1.7 Represents and warrants that the Class 1 Beneficial Interest being acquired will be acquired for the undersigned's own account without a view to public distribution or resale and that the undersigned has no contract, undertaking, agreement or arrangement to sell or otherwise transfer or dispose of the Class 1 Beneficial Interest or any portion thereof to any other Person.

1.8 Represents and warrants that the undersigned (i) can bear the economic risk of the purchase of the Class 1 Beneficial Interest including the total loss of the undersigned's investment, (ii) has such knowledge and experience in business and financial matters, including the analysis of or participation in offerings of privately issued securities, as to be capable of evaluating the merits and risks of purchasing Class 1 Beneficial Interests, and (iii) if an individual, is at least 19 years of age.

1.9 Understands that the Class 1 Beneficial Interest has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state and are subject to substantial restrictions on transfer as described in the Memorandum under "Summary of the Trust Agreement – Summary of Certain Provisions of the Trust Agreement –Transfer Rights," which restrictions are in addition to certain other restrictions set forth in the Trust Agreement.

1.10 Understands that a legend will be placed on the Class 1 Beneficial Ownership Certificate with respect to restrictions on distribution, transfer, resale, assignment or subdivision of the Class 1 Beneficial Interest imposed by applicable federal and state securities laws.

1.11 Agrees that the undersigned will not sell or otherwise transfer or dispose of any Class 1 Beneficial Interest or any portion thereof unless (i) such Class 1 Beneficial Interest is registered under the Securities Act and any applicable state securities laws or, if required by the Trust (through the Manager), the undersigned obtains an opinion of counsel that is satisfactory to the Trust that such Class 1 Beneficial Interest may be sold in reliance on an exemption from such registration requirements, and (ii) the transfer is otherwise made in accordance with the Trust Agreement.

1.12 Agrees that the undersigned will not sell or transfer a Class 1 Beneficial Interest or any portion thereof to (i) an employee benefit plan within the meaning of Section 3(3) of ERISA that is subject to the fiduciary responsibility provisions of Title I of ERISA (a "plan"), or a plan within the meaning of Code Section 4975(e)(1) that is subject to Code Section 4975 (also, a "plan"), including a qualified plan (any pension, profit sharing or stock bonus plan that is qualified under Code Section 401(a)) or an individual retirement account; (ii) any Person that is directly or indirectly acquiring a Class 1 Beneficial Interest on behalf of, as investment manager of, as fiduciary of, as trustee of, or with assets of a plan (including any insurance company using assets in its general or separate account that may constitute assets of a plan); (iii) a charitable remainder trust; (iv) any other tax-exempt entity; or (v) a foreign Person.

1.13 Understands that (i) the Trust has no obligation or intention to register any Class 1 Beneficial Interest for resale or transfer under the Securities Act or any state securities laws or to take any action (including the filing of

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reports or the publication of information as required by Rule 144 under the Securities Act) which would make available any exemption from the registration requirements of any such laws, and (ii) the undersigned therefore may be precluded from selling or otherwise transferring or disposing of any Class 1 Beneficial Interest or any portion thereof for an indefinite period of time or at any particular time.

1.14 Understands that no federal or state agency including the Securities and Exchange Commission, or the securities commission or authorities of any other state has approved or disapproved the Class 1 Beneficial Interests, passed upon or endorsed the merits of the Trust's offering of Class 1 Beneficial Interests or the accuracy or adequacy of the Memorandum, or made any finding or determination as to the fairness of the Interest for public investment.

1.15 Represents, warrants and agrees that, if the undersigned is acquiring the Class 1 Beneficial Interest in a fiduciary capacity, (i) the above representations, warranties, agreements, acknowledgments and understandings shall be deemed to have been made on behalf of the Person or Persons for whose benefit such Class 1 Beneficial Interest is being acquired, (ii) the name of such Person or Persons is indicated below the undersigned's name, and (iii) such further information as the Manager deems appropriate shall be furnished regarding such Person or Persons.

1.16 Acknowledges and agrees that counsel, including special tax counsel, to the Trust, the Depositor, the Manager and their Affiliates do not represent, and shall not be deemed under applicable codes of professional responsibility, to have represented or to be representing, any transferee or assignee, including the undersigned, in any way in connection with the transfer or assignment of a Class 1 Beneficial Interest.

1.17 Agrees to indemnify, defend and hold harmless the Sponsor, the Trust, Trustee, Depositor, and Manager, and each of their members, managers, shareholders, officers, directors, employees, consultants, affiliates and advisors (collectively, the "Indemnified Persons") of and from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs) that they may incur by reason of the untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained herein or in any other document transferee or assignee has furnished to any of the foregoing in connection with this transaction. In addition, if any person shall assert a claim to a finder's fee or real estate brokerage commission on account of alleged employment as a finder or real estate broker through or under the undersigned in connection with the undersigned's acquisition of the Class 1 Beneficial Interest, the undersigned shall indemnify and hold the Indemnified Parties harmless from and against any such claim. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs) incurred by the Indemnified Parties 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, and against any failure of the transaction to satisfy any Code Section 1031 requirements in connection with the undersigned's exchange under such provisions.

1.18 Represents and warrants that neither the undersigned nor any Affiliate of the undersigned (i) is a Sanctioned Person (defined below), (ii) has more than 15% of its assets in Sanctioned Countries (defined below), or (iii) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. For purposes of the foregoing, a "Sanctioned Person" shall mean (y) a Person named on the list of "specially designated nationals" or "blocked persons" maintained by the U.S. Office of Foreign Assets Control ("OFAC") at *http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx*, or as otherwise published from time to time, or (y) (1) an agency of the government of a Sanctioned Country, (2) an organization controlled by a Sanctioned Country, or (3) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC. A "Sanctioned Country" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at *http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx*, or as otherwise published from time to time.

1.19 Acknowledges that the Class 2 Beneficial Owner has certain rights under the Trust Agreement, as more particularly set forth in the Trust Agreement.

[SIGNATURE PAGE FOLLOWS]

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The representations, warranties, acknowledgments, understandings and indemnities of transferee or assignee set forth herein above shall survive the undersigned's acquisition of the Class 1 Beneficial Interest.

_____

Name: _____

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EXHIBIT F

FORM OF LIMITED LIABILITY COMPANY AGREEMENT

OPERATING AGREEMENT
OF
BR 79 WEST SPRINGING, LLC

This Limited Liability Company Agreement ("Agreement"), effective as of the Transfer Date, is entered into by and between BR 79 West, DST, a Delaware statutory trust (the "Trust" or the "Initial Member"), as the Initial Member, and BR 79 West Springing Manager, LLC, a Delaware limited liability company (the "Manager") and with the expectation of the admission of the parties listed on Exhibit II attached hereto, as Members, pursuant to the Act on the following terms and conditions.

RECITALS

WHEREAS, an Affiliate of the Manager established the Trust to acquire and hold the Property and sell Beneficial Interests in the Trust, pursuant to that certain Confidential Private Placement Memorandum (as supplemented or amended, the "Memorandum");

WHEREAS, the Members hold all of the Beneficial Interests in the Trust as the Beneficial Owners thereof and in the percentage amounts reflected on Exhibit II attached hereto;

WHEREAS, the Manager or its predecessor in interest has determined that a distribution of Units to the Beneficial Owners in proportion to their Beneficial Interests should be made pursuant to Section 9.2 of the Trust Agreement in order to preserve and protect the Trust Estate;

WHEREAS, in order to preserve and protect the Trust Estate, the Manager established the Company to hold the Property and issue the Units to the Trust in exchange for its contribution of the Trust Estate to the Company; and

WHEREAS, the Trust, as Initial Member, will distribute all of the Units held by the Trust to the Beneficial Owners (in the amounts reflected on Exhibit II attached hereto) in proportion to their Beneficial Interests, and, in connection therewith, the Manager will admit the Beneficial Owners as Members of the Company and the interest of the Initial Member in the Company will be terminated.

NOW THEREFORE, the Members and the Manager agree that the Company shall be governed by and operated pursuant to the Act and the terms of this Agreement as hereinafter set forth.

1. Organization.

1.1 Limited Liability Company. On or prior to the Transfer Date, the Manager shall file a Certificate of Formation with the office of the Secretary of State of Delaware in accordance with and pursuant to the Act to form the Company.

1.2 Name and Place of Business. The name of the Company shall be "BR 79 West Springing, LLC", and its principal place of business shall be at c/o Bluerock Real Estate, L.L.C., 1345 Avenue of the Americas, 32nd Floor, Suite B, New York, NY 10105. The Manager may change such name, change such place of business or establish additional places of business of the Company as the Manager may determine to be necessary or desirable.

1.3 Business and Purpose of the Company. The nature of the business and the purposes to be conducted and promoted by the Company are to engage solely in the following activities:

1.3.1 To own, hold, sell, assign, transfer, and otherwise deal with the Property.

1.3.2 To exercise all powers enumerated in the Act if necessary or convenient to the conduct, promotion or attainment of the business or purposes otherwise set forth herein.

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1.3.3 Notwithstanding anything to the contrary set forth in paragraphs 1.3.1 and 1.3.2 above, since its formation and thereafter until the Loan is paid in full, the Company will continue to (i) be organized solely for the purpose of owning the Property, (ii) not engage in any business unrelated to the ownership of the Property, and (iii) not have any assets other than those related to the Property.

1.4 Term. The term of the Company shall terminate as provided in Section 14 of this Agreement; provided, however, that the Company may not be dissolved at any time during which the Loan remains outstanding with the Lender for the Property.

1.5 Required Filings. The Manager shall execute, acknowledge, file, record and/or publish such certificates and documents as may be required by this Agreement or by law in connection with the formation and operation of the Company.

1.6 Registered Office and Registered Agent. The Company's initial registered office and initial registered agent shall be as provided in the Certificate of Formation. The registered office and registered agent may be changed from time to time by the Manager by filing the address of the new registered office and/or the name of the new registered agent pursuant to the Act.

1.7 Certain Transactions. Any Member, or any Affiliate of a Member, or any shareholder, officer, director, employee, partner, member or any person owning an interest therein, may engage in or possess an interest in any other business or venture of any nature or description, whether or not competitive with the Company, including, but not limited to, the acquisition, syndication, ownership, financing, leasing, operation, maintenance, management, brokerage, construction and development of property similar to the Property and no Member, or any Affiliate of a Member, or any shareholder, officer, director, employee, partner, member or any person owning an interest therein shall have any interest in such other business or venture by reason of their interest in the Company.

2. Definitions. Definitions for this Agreement are set forth on Exhibit I and are incorporated herein.

3. Capitalization and Financing.

3.1 Members' Capital Contributions.

3.1.1 Initial Member. The Trust, as the Initial Member, shall contribute the Trust Estate to the Company in exchange for all of the authorized Units in the Company. The Trust shall then distribute the Units to the Beneficial Owners in proportion to and in exchange for, and in termination of, their Beneficial Interests in the Trust.

3.1.2 Units. The Company is hereby authorized to initially issue ten thousand (10,000) Units and to admit the Beneficial Owners as Members of the Company.

3.1.3 Liabilities of Members. Except as specifically provided in this Agreement, neither the Manager nor any Member shall be required to make any additional contributions to the Company and no Manager or Member shall be liable for the debts, liabilities, contracts, or any other obligations of the Company, nor shall the Manager or the Members be required to lend any funds to the Company.

3.2 Additional Voluntary Capital Contributions or Additional Units. The Manager may determine, in its sole discretion, that Capital Expenditures are in the best interest of the Company. The Manager may request the Members to make additional voluntary capital contributions ("Additional Voluntary Capital Contributions") or may sell additional Units to new Members to enable the Company to make Capital Expenditures. In the event the Manager requests Additional Voluntary Capital Contributions, the Manager shall notify the Members in writing of the requested amount of such Additional Voluntary Capital Contribution, and a Member may, within fifteen (15) days of receiving such notice, elect (in writing by notice given to the Manager) to make the requested Additional Voluntary Capital Contributions. If the total specified amount by the Members wishing to make the Additional Voluntary Capital Contributions is less than the amount requested by the Manager, the Manager, in addition to providing the Members with a supplemental request for the remaining portion of the requested Additional Voluntary Capital Contribution, is

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hereby authorized to admit additional Members as necessary to insure that it receives the requested amount of Additional Voluntary Capital Contributions. To the extent that any Additional Voluntary Capital Contributions are made, whether by existing Members or upon the sale of Units to new Members, new Units shall be issued for those Additional Voluntary Capital Contributions on the basis of the fair market value as determined in the sole discretion of the Manager. In the event the Manager determines to sell additional Units, existing Members may participate on the same basis as new Members on a first-come first-serve basis. Fractional Units may be issued hereunder.

3.3 Manager Loans. Provided it does not violate or conflict with the Loan Documents, the Manager or its Affiliates may, but will have no obligation to, make loans to the Company to pay Company operating expenses if deemed necessary in Manager's reasonable business judgment. Any such loan shall bear interest at the actual cost of funds to the Manager and provide for the payment of principal and any accrued but unpaid interest in accordance with the terms of the promissory note evidencing such loan, but in no event later than dissolution of the Company.

4. Allocation of Income and Loss.

4.1 Allocation to the Manager and Members. For each fiscal year, the income and loss of the Company shall be allocated to the Members in proportion to their Units.

4.2 Allocation Among Units. Except as otherwise provided in this Agreement, all Distributions and allocations made to the Units shall be in the ratio of the number of Units held by each such Member on the date of such allocation (which allocation date shall be deemed to be the last day of each month) to the total outstanding Units as of such date, and, except as otherwise provided in this Agreement, without regard to the number of days during such month that the Units were held by each Member. In the event additional Members are admitted to the Company on different dates during any fiscal year, the income or loss allocated to Members for that fiscal year shall be apportioned among them in proportion to the number of Units each Member held from time to time during the fiscal year in accordance with Code Section 706.

4.3 Allocation of Company Items. Except as otherwise provided herein, whenever a proportionate part of income or loss is allocated to a Member, every item of income, gain, loss or deduction entering into the computation of such income or loss, and every item of credit or tax preference related to such allocation and applicable to the period during which such income or loss was realized, shall be allocated to a Member in the same proportion.

4.4 Assignment. In the event of the assignment of a Unit, the income and loss shall be apportioned as between the Member and his or her assignee based upon the number of months of their respective ownership during the year in which the assignment occurs, without regard to the results of the Company's operations during the period before or after such assignment. Distributions shall be made to the holder of record of the Units as of the date of the Distribution. An assignee that receives Units during the first fifteen (15) days of a month will receive any allocations relative to such month. An assignee that acquires Units on or after the sixteenth (16th) day of a month will be treated as acquiring his or her Units on the first day of the following month.

4.5 Consent of Members. The methods for allocating income and loss are hereby expressly consented to by each Member as a condition of becoming a Member.

4.6 Withholding Obligations.

4.6.1 If the Company is required (as determined in good faith by the Manager) to make a payment ("Tax Payment") with respect to any Member to discharge any legal obligation on the part of the Company or the Manager to make payments to any governmental authority with respect to any federal, foreign, state or local tax liability of such Member arising as a result of such Member's interest in the Company, then, notwithstanding any other provision of this Agreement to the contrary, the amount of any such Tax Payment shall be deemed to be a loan by the Company to such Member, which loan shall bear interest at the Prime Rate and be payable upon demand or by offset to any Distribution which otherwise would be made to such Member.

4.6.2 If and to the extent the Company or the Manager is required to make any Tax Payment with respect to any Member, or elects to make payment on any loan described in Section 4.6.1 by offset to a

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Distribution to a Member, either (i) such Member's proportionate share of such Distribution shall be reduced by the amount of such Tax Payment, or (ii) such Member shall pay to the Company prior to such Distribution an amount of cash equal to such Tax Payment. In the event a portion of a Distribution in kind is retained by the Company pursuant to clause (i) above, such retained property may, in the discretion of the Manager, either (A) be distributed to the other Members, or (B) be sold by the Company to generate the cash necessary to satisfy such Tax Payment. If the property is sold, then for purposes of income tax allocations only under this Agreement, any gain or loss from such sale or exchange shall be allocated to the Member to whom the Tax Payment relates. If the property is sold at a gain, and the Company is required to make any Tax Payment on such gain, the Member to whom the gain is allocated shall pay the Company prior to the due date of the Tax Payment an amount of cash equal to such Tax Payment.

4.6.3 The Manager shall be entitled to hold back any Distribution to any Member to the extent the Manager believes in good faith that a Tax Payment will be required with respect to such Member in the future and the Manager believes that there will not be sufficient subsequent Distributions to make such Tax Payment.

5. Distributions.

5.1 Cash from Operations. Except as provided in Section 5.2 and as otherwise provided in Section 14, Distributable Cash with respect to each calendar year shall be distributed to the Members in proportion to their Units.

5.2 Restrictions. The Company intends to make periodic distributions of substantially all cash determined by the Manager to be distributable, subject to the following: (i) Distributions may be restricted or suspended for periods when the Manager determines in its reasonable discretion that it is in the best interest of the Company; (ii) all Distributions are subject to the establishment and maintenance by Manager of reasonable reserves for payment of potential future Company obligations; and (iii) all Distributions shall be paid only to the extent that all currently due operating expenses have been paid or otherwise provided for and all amounts then due and payable under the Loan Documents have been paid or otherwise provided for.

6. Compensation to the Manager and its Affiliates.

6.1 Fees and Compensation to the Manager and its Affiliates. The Manager, its Affiliates, and Affiliates of officers of the Manager shall be entitled to receive an administrative fee and additional compensation for any additional service performed on behalf of the Company equal to the then prevailing market rates for similar services performed in the area where the Property is located. In addition, the Manager shall receive a disposition fee from the Company equal to 3.5% of the gross proceeds of the sale, exchange or other disposition of the Property (the "Disposition Fee"), from which the Manager shall pay all sales commissions payable to any third-party broker in connection with the sale, such that the aggregate amount of the Disposition Fee plus the third-party brokerage commission does not exceed 3.5% of the gross sales price of the Property.

6.2 Company Expenses.

6.2.1 Operating Expenses. Subject to the limitations set forth in Section 6.2.2, the Company shall pay directly, or reimburse the Manager as the case may be, for all of the costs and expenses of the Company's operations, including, without limitation, the following costs and expenses: (i) all Organization Expenses advanced or otherwise paid by the Manager; (ii) all costs of personnel employed by the Company and directly involved in the Company's business; (iii) all compensation due to the Manager or its Affiliates; (iv) all costs of personnel employed by the Manager or its Affiliates and directly involved in the business of the Company; (v) all costs of borrowed money and taxes applicable to the Company; (vi) legal, accounting, audit, brokerage, and other fees; (vii) fees and expenses paid to independent contractors, mortgage bankers, real estate brokers, and other agents; (viii) all expenses incurred in connection with the maintenance of Company books and records, the preparation and dissemination of reports, tax returns or other information to the Members and the making of Distributions to the Members; (ix) expenses incurred in preparation and filing reports or other information with appropriate regulatory agencies; (x) expenses of insurance as required in connection with the business of the Company, other than any insurance insuring the Manager against losses for which it is not entitled to be indemnified under Section 7.7; (xi) costs incurred in connection with any litigation in which the Company may become involved, or any examination, investigation, or other proceedings conducted by any regulatory agency, including legal and accounting fees; (xii) the actual costs of

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goods and materials used by or for the Company; (xiii) the costs of services that could be performed directly for the Company by independent parties such as legal, accounting, secretarial or clerical, reporting, transfer agent, data processing and duplicating services but which are in fact performed by the Manager or its Affiliates, but not in excess of the lesser of: (a) the actual costs to the Manager or its Affiliates of providing such services; or (b) the amounts which the Company would otherwise be required to pay to independent parties for comparable services in the same geographic locale; (xiv) expenses of Company administration, accounting, documentation and reporting; (xv) expenses of revising, amending, modifying, or terminating this Agreement; (xvi) all travel expenses incurred in connection with the Company's business; and (xvii) all other costs and expenses incurred in connection with the business of the Company exclusive of those set forth in Section 6.2.2. All payments set forth herein shall be paid from any funds available after payment of, or other provision for, all other currently due operating expenses for the Property and all currently due amounts under the Loan Documents.

6.2.2 Manager Overhead. Except as set forth in this Section 6, the Manager and its Affiliates shall not be reimbursed for overhead expenses incurred in connection with the Company, including but not limited to rent, depreciation, utilities, capital equipment, or other administrative items.

7. Authority and Responsibilities of the Manager.

7.1 Management. The Manager shall manage the business and affairs of the Company. Except as otherwise set forth in this Agreement and the Certificate of Formation, and to the maximum extent permitted by law, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters, and to perform any and all other acts or activities customary or incident to the management of the Company's business.

7.2 Number, Tenure and Qualifications. The Company shall have one Manager, which shall be BR 79 West Springing Manager, LLC. The Manager shall remain the Manager until such Manager is removed, withdraws or resigns.

7.3 Manager Authority. The Manager shall have all authority, rights and powers conferred by law (subject only to Section 7.4 and Section 10 hereof and the Certificate of Formation) and those required or appropriate to the management of the Company's business, as limited by Section 1.3, which, by way of illustration but not by way of limitation, shall include the right, authority and power to cause the Company to:

7.3.1 Take all actions relating to the management of the Property;

7.3.2 Hold, sell, exchange or otherwise dispose of the Property;

7.3.3 Borrow money, and, if security is required therefor subject the Property to any security device, and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any security device. All of the foregoing shall be on such terms and in such amounts as the Manager, in its sole discretion, deems to be in the best interest of the Company and subject to any restrictions or limitations established under the Loan Documents;

7.3.4 Enter into such contracts and agreements as the Manager determines to be reasonably necessary or appropriate in connection with the Company's business and purpose (including contracts with Affiliates of the Manager), and any contract of insurance that the Manager deems necessary or appropriate for the protection of the Company and the Manager, including errors and omissions insurance, for the conservation of Company assets, or for any purpose convenient or beneficial to the Company;

7.3.5 Employ persons, who may be Affiliates of the Manager, in the operation and management of the business of the Company;

7.3.6 Prepare or cause to be prepared reports, statements, and other relevant information for distribution to the Members;

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7.3.7 Open accounts and deposits and maintain funds in the name of the Company in banks, savings and loan associations, "money market" mutual funds and other instruments as the Manager may deem in its discretion to be necessary or desirable;

7.3.8 Cause the Company to make or revoke any of the elections referred to in the Code (the Manager shall have no obligation to make any such elections);

7.3.9 Select as its accounting year a calendar or fiscal year as may be approved by the Internal Revenue Service (the Company initially intends to adopt the calendar year);

7.3.10 Determine the appropriate accounting method or methods to be used by the Company;

7.3.11 In addition to any amendments otherwise authorized herein, amend this Agreement without any action on the part of the Members by special or general power of attorney or otherwise to:

(a) Add to the representations, duties, services or obligations of the Manager or its Affiliates, for the benefit of the Members;

(b) Cure any ambiguity or mistake, correct or supplement any provision herein that may be inconsistent with any other provision herein, or make any other provision with respect to matters or questions arising under this Agreement that will not be inconsistent with the provisions of this Agreement;

(c) Amend this Agreement to reflect the addition or substitution of Members;

(d) Minimize the adverse impact of, or comply with, any final regulation of the United States Department of Labor, or other federal agency having jurisdiction, defining "plan assets" for ERISA purposes;

(e) Reconstitute the Company under the laws of another state if beneficial;

(f) Execute, acknowledge and deliver any and all instruments to effectuate the foregoing, including the execution, acknowledgment and delivery of any such instrument by the attorney-in-fact for the Manager under a special or limited power of attorney, and to take all such actions in connection therewith as the Manager shall deem necessary or appropriate with the signature of the Manager acting alone;

(g) Make any changes to this Agreement required by the Lender or any subsequent lender that may be required to obtain financing or any refinancing of the Loan so long as such changes are not adverse to the interests of the Members; and

(h) Delete or add any provision to this Agreement required to be so deleted or added for the benefit of the members by the staff of the Securities and Exchange Commission or by a state "Blue Sky" Commissioner or similar official.

7.3.12 Require in any Company contract that the Manager shall not have any personal liability, but that the person or entity contracting with the Company is to look solely to the Company and its assets for satisfaction;

7.3.13 Lease personal property for use by the Company;

7.3.14 Establish reserves from income in such amounts as the Manager may deem appropriate;

7.3.15 Provided it does not violate or conflict with the Loan Documents, make secured or unsecured loans to the Company and receive interest at the rates set forth herein;

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7.3.16 Represent the Company and the Members as "partnership representative" within the meaning of the Code in discussions with the Internal Revenue Service regarding the tax treatment of items of Company income, loss, deduction or credit, or any other matter reflected in the Company's returns, and, if deemed in the best interest of the Members, to agree to final Company administrative adjustments or file a petition for a readjustment of the Company items in question with the applicable court;

7.3.17 Redeem or repurchase Units on behalf of the Company;

7.3.18 Hold an election for a successor Manager before the resignation, withdrawal, expulsion or dissolution of the Manager;

7.3.19 Initiate, settle and defend legal actions on behalf of the Company;

7.3.20 Admit itself as a Member, but only to the extent necessary to fulfill its duties as the manager of the Company and, in any event, without any Economic Interest;

7.3.21 Enter into any transaction with any partnership, company or venture;

7.3.22 Perform any and all other acts which the Manager is obligated to perform hereunder;

7.3.23 Perform any and all other acts which the Manager is permitted to perform under the Act; and

7.3.24 Execute, acknowledge and deliver any and all instruments to effectuate the foregoing and take all such actions in connection therewith as the Manager may deem necessary or appropriate. The Manager may, on behalf and in the name of the Company, execute any and all documents or instruments.

7.4 Restrictions on Manager's Authority. Subject to the balance of the terms of this Agreement and the Certificate of Formation, neither the Manager nor any Affiliates shall have authority, without a Majority Vote of the Units, to:

7.4.1 Enter into contracts with the Company that would bind the Company after the expulsion, withdrawal, Event of Insolvency, or other cessation to exist of the Manager, or to continue the business of the Company after the occurrence of such event;

7.4.2 Use or permit any other person to use Company funds or assets in any manner except for the exclusive benefit of the Company;

7.4.3 Alter the primary purpose of the Company;

7.4.4 Sell or lease to the Company any real property in which the Manager or any Affiliate has any interest;

7.4.5 Admit another person or entity as the Manager, except with the consent of the Members as provided in this Agreement;

7.4.6 Reinvest Cash from Operations in any additional properties;

7.4.7 Enter into any agreement imposing personal liability on any Member; or

7.4.8 Commingle the Company funds with those of any other person or entity, except for (i) the temporary deposit of funds in a bank checking account for the sole purpose of making Distributions immediately thereafter to the Members and the Manager or (ii) funds attributable to the Property and held for use in the management of the operations of the Property.

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7.5 Responsibilities of the Manager. The Manager shall:

7.5.1 Have a fiduciary responsibility for the safekeeping and use of all the funds of the Company (but Manager shall have no other fiduciary duties);

7.5.2 Devote such of its time and business efforts to the business of the Company as it shall in its discretion, exercised in good faith, determine to be necessary to conduct the business of the Company for the benefit of the Company and the Members;

7.5.3 File and publish all certificates, statements, or other instruments required by law for formation, qualification and operation of the Company and for the conduct of its business in all appropriate jurisdictions;

7.5.4 Cause the Company to be protected by public liability, property damage and other insurance determined by the Manager in its discretion to be appropriate to the business of the Company; and

7.5.5 At all times use its best efforts to meet applicable requirements for the Company to be taxed as a Company and not as an association taxable as a corporation.

7.5.6 Exercise commercially reasonable efforts to pursue a follow-on syndication of the membership interests of BR 79 West Investment Co, LLC, if any, within a reasonable time after the Transfer Date.

7.6 Administration of Company. So long as it is the Manager and the provisions of this Agreement for compensation and reimbursement of expenses of the Manager are observed, the Manager shall have the responsibility of providing continuing administrative and executive support, advice, consultation, analysis and supervision with respect to the functions of the Company, and compliance with federal, state and local regulatory requirements and procedures. In this regard, the Manager may retain the services of such Affiliates or unaffiliated parties as the Manager may deem appropriate to provide management and financial consultation and advice, and may enter into agreements for the management and operation of Company assets.

7.7 Indemnification of Manager.

7.7.1 The Manager, its shareholders, Affiliates, officers, directors, partners, manager, members, employees, agents and assigns, shall not be liable for, and shall be indemnified and held harmless (to the extent of the Company's assets) from, any loss or damage incurred by them, the Company or the Members in connection with the business of the Company, including costs and reasonable attorneys' fees and any amounts expended in the settlement of any claims of loss or damage resulting from any act or omission, which shall not constitute fraud or gross negligence, pursuant to the authority granted, to promote the interests of the Company. Moreover, the Manager shall not be liable to the Company or the Members because any taxing authorities disallow or adjust any deductions or credits in the Company income tax returns.

7.7.2 Notwithstanding anything contained herein to the contrary, any indemnification of the Manager or any Member shall be fully subordinated to any obligations respecting the Property (including, without limitation, the Loan Documents which secure the Loan) and such indemnification shall not constitute a claim against the Company in the event that cash flow in excess of amounts necessary to pay holders of such obligations is insufficient to pay such indemnification obligations.

7.8 No Personal Liability for Return of Capital. The Manager shall not be personally liable or responsible for the return or repayment of all or any portion of the Capital Contribution of any Member or any loan made by any Member to the Company, it being expressly understood that any such return of capital or repayment of any loan shall be made solely from the assets (which shall not include any right of contribution from any Member) of the Company.

7.9 Authority as to Third Persons.

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7.9.1 No third party dealing with the Company shall be required to investigate the authority of the Manager or secure the approval or confirmation by any Member of any act of the Manager in connection with the Company business. No purchaser of any property or interest owned by the Company shall be required to determine the right to sell or the authority of the Manager to sign and deliver any instrument of transfer on behalf of the Company, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith.

7.9.2 The Manager shall have full authority to execute on behalf of the Company any and all agreements, contracts, conveyances, deeds, mortgages and other instruments, and the execution thereof by the Manager, executing on behalf of the Company, shall be the only execution necessary to bind the Company thereto. No signature of any Member shall be required.

7.9.3 The Manager shall have the right by separate instrument or document to authorize one or more individuals or entities to execute leases and lease-related documents on behalf of the Company and any leases and documents executed by such agent shall be binding upon the Company as if executed by the Manager.

8. [Intentionally Omitted].

9. Rights, Authority and Voting of The Members.

9.1 Members are Not Agents. Pursuant to Section 7 and the Certificate of Formation, the day-to-day management of the Company is vested solely in the Manager. No Member, acting in the capacity of a Member, is an agent of the Company nor can any Member in such capacity bind or execute any instrument on behalf of the Company.

9.2 Voting Rights of Members. Subject to the terms of the Loan Documents, Members who own Units shall be entitled to cast one vote for each Unit they own. Except as otherwise specifically provided in this Agreement, and subject to receipt of the written approval of the Lender if required under the Loan Documents, Members shall have the right to vote only upon the following matters:

9.2.1 Removal of the Manager as provided in Section 11.2 of this Agreement;

9.2.2 Election of a successor Partnership Representative;

9.2.3 Amendment of this Agreement (except as otherwise provided herein);

9.2.4 Extension of the term of the Company as provided in Section 14.1.4 when there is a Dissolution Event; or

9.2.5 Election of a successor Manager.

9.3 Member Vote; Consent of Manager. All matters upon which the Members may vote, except as otherwise provided in this Agreement, shall require a Majority Vote and, except for removal of the Manager as provided in Section 11.2, the consent of the Manager to pass and become effective, which consent of Manager shall not be unreasonably withheld, conditioned, or delayed. The foregoing notwithstanding, at any time the Loan is outstanding, all Members shall be conclusively deemed to have elected to continue the existence of the Company under Section 9.2.4.

9.4 Meetings of the Members. The Manager may at any time call for a meeting of the Members, or for a vote without a meeting, on matters on which the Members are entitled to vote, and shall call for such a meeting (but not a vote without a meeting) following receipt of a written request therefor of Members holding more than ten percent (10%) of the Units entitled to vote as of the record date. Within twenty (20) days after receipt of such request, the Manager shall notify all Members of record on the record date of the meeting.

9.4.1 Notice. Except as provided by Section 9.4.5, written notice of each meeting shall be given to each Member entitled to vote, either personally or by mail or other means of written communication, charges

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prepaid, addressed to such Member at his or her address appearing on the books of the Company or given by him or her to the Company for the purpose of notice or, if no such address appears or is given, at the principal executive office of the Company, or by publication of notice at least once in a newspaper of general circulation in the county in which such office is located. All such notices shall be sent not less than five (5), nor more than sixty (60), days before such meeting. The notice shall specify the place, date and hour of the meeting and the general nature of business to be transacted, and no other business shall be transacted at the meeting.

9.4.2 Adjourned Meeting and Notice Thereof. When a Members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business that might have been transacted at the original meeting. If the adjournment is for more than forty-five (45) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.

9.4.3 Quorum. The presence in person or by proxy of the persons entitled to vote a majority of the Units shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment. Any meeting of Members may be adjourned from time to time by a Majority Vote of the Units represented either in person or by proxy.

9.4.4 Consent of Absentees. The transactions of any meeting of Members, however called and noticed and wherever held, are as valid as though they occurred at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of the meeting or an approval of the minutes thereof. All waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting.

9.4.5 Action Without Meeting. Except as otherwise provided in this Agreement, any action which may be taken at any meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all entitled to vote thereon were present and voted. In the event the Members are requested to consent on a matter without a meeting, each Member shall be given not less than five (5), nor more than sixty (60), days prior notice.

9.4.6 Record Dates. For purposes of determining the Members entitled to notice of any meeting or to vote or entitled to receive any Distributions or to exercise any rights in respect of any other lawful matter, the Manager may fix in advance a record date, which is not more than sixty (60) nor less than five (5) days prior to the date of the meeting nor more than sixty (60) days prior to any other action. If no record date is fixed:

(a) The record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held;

(b) The record date for determining Members entitled to give consent to Company action in writing without a meeting shall be the day on which the first written consent is given;

(c) The record date for determining Members for any other purpose shall be at the close of business on the day on which the Manager adopts it, or the sixtieth (60th) day before the date of the other action, whichever is later; and

(d) A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting unless the Manager, or the Members who requested the meeting, fix a new record date for the adjourned meeting, but the Manager, or such Members,

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shall fix a new record date if the meeting is adjourned for more than forty-five (45) days from the date set for the original meeting.

9.4.7 Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Manager. No proxy shall be valid after the expiration of three (3) months from the date thereof unless otherwise provided in the proxy. Every proxy continues in full force and effect until revoked as specified or unless it states that it is irrevocable. A proxy that states that it is irrevocable is irrevocable for the period specified therein to the fullest extent permitted by law.

9.4.8 Chairman of Meeting. The Manager may select any person to preside as Chairman of any meeting of the Members, and if such person shall be absent from the meeting, or fail or be unable to preside, the Manager may name any other person in substitution therefor as Chairman. In the absence of an express selection by the Manager of a Chairman or substitute therefor, the Chief Executive Officer, President, Vice President, Secretary, or Chief Financial Officer of the Manager. shall preside as Chairman, in that order. The Chairman of the meeting shall designate a secretary for such meeting, who shall take and keep or cause to be taken and kept minutes of the proceedings thereof. The conduct of all Members' meetings shall at all times be within the discretion of the Chairman of the meeting and shall be conducted under such rules as he may prescribe. The Chairman shall have the right and power to adjourn any meeting at any time, without a vote of the Units present in person or represented by proxy, if the Chairman shall determine such action to be in the best interests of the Company.

9.4.9 Inspectors of Election. In advance of any meeting of Members, the Manager may appoint any persons other than nominees for Manager or other office as the inspector of election to act at the meeting and any adjournment thereof. If an inspector of election is not so appointed, or if any such person fails to appear or refuses to act, the Chairman of any such meeting may, and on the request of any Member or his proxy shall, make such appointment at the meeting. The inspector of election shall determine the number of Units outstanding and the voting power of each, the Units represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all Members.

9.4.10 Record Date and Closing Company Books. When a record date is fixed, only Members of record on that date are entitled to notice of and to vote at the meeting or to receive a Distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any Units on the books of the Company after the record date.

9.5 Rights of Members. No Member shall have the right or power to: (i) withdraw or reduce his contribution to the capital of the Company, except as a result of the dissolution and termination of the Company or as otherwise provided in this Agreement or by law; (ii) bring an action for partition against the Company; (iii) demand or receive property other than cash in return for his Capital Contribution; or (iv) direct the Manager with respect to day-to-day management of the Company or its books and records. Except as provided in this Agreement, no Member shall have priority over any other Member either as to the return of Capital Contributions or as to allocations of the income, loss or Distributions of the Company. Other than upon the termination and dissolution of the Company as provided by this Agreement, there has been no time agreed upon when the contribution of each Member (other than the Initial Member) is to be returned.

9.6 Restrictions on the Member. No Member shall:

9.6.1 Disclose to any non-Member other than their lawyers, accountants or consultants and/or commercially exploit any of the Company's business practices, trade secrets or any other information not generally known to the business community;

9.6.2 Do any other act or deed with the intention of harming the business operations of the Company; or

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9.6.3 Do any act contrary to this Agreement.

9.7 Return of Capital of Member. In accordance with the Act, a Member may, under certain circumstances, be required to return to the Company, for the benefit of the Company's creditors, amounts previously distributed to the Member. If any court of competent jurisdiction holds that any Member is obligated to make any such payment, such obligation shall be the obligation of such Member and not of the Company, the Manager or any other Member.

10. Separateness Provisions.

10.1 Lender Covenants.

10.1.1 This Section 10.1 is adopted in order to comply with certain provisions required in order to qualify the Company as a "single purpose entity" as required under the Loan Documents.

10.1.2 [Intentionally Omitted].

10.1.3 Until the Loan is paid in full, the Company must remain a Single Purpose Entity. A "Single Purpose Entity" means with respect to the Company, a limited liability company, which at all times since its formation and thereafter:

(a) shall not own or lease any real property, personal property, or assets other than the Property;

(b) shall not own, operate, or participate in any business other than the leasing, ownership, management, operation, and maintenance of the Property;

(c) shall not have any material financial obligation under or secured by any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, or other agreement or instrument to which the Company is a party, or by which the Company is otherwise bound, or to which the Property is subject or by which it is otherwise encumbered, other than: (A) unsecured trade payables incurred in the ordinary course of the operation of the Property (exclusive of amounts for rehabilitation, restoration, repairs, or replacements of the Property) that (i) are not evidenced by a promissory note, (ii) are payable within sixty (60) days of the date incurred, and (c) as of the effective date of the Loan, do not exceed, in the aggregate, four percent (4%) of the original principal balance of the Loan; (B) if the Mortgage grants a lien on a leasehold estate, the Company's obligations as lessee under the ground lease creating such leasehold estate; (C) obligations under the Loan Documents and obligations secured by the Property to the extent permitted by the Loan Documents; and (D) the Company's obligations under the Master Lease;

(d) shall maintain its financial statements, accounting records, and other partnership, real estate investment trust, limited liability company, or corporate documents, as the case may be, separate from those of any other Person (unless the Company's assets have been included in a consolidated financial statement prepared in accordance with generally accepted accounting principles);

(e) shall not commingle its assets or funds with those of any other Person, unless such assets or funds can easily be segregated and identified in the ordinary course of business from those of any other Person;

(f) shall be adequately capitalized in light of its contemplated business operations;

(g) shall not assume, guarantee, or pledge its assets to secure the liabilities or obligations of any other Person (except in connection with the Loan or other mortgage loans that have been paid in full or collaterally assigned to Lender, including in connection with any Consolidation, Extension and Modification Agreement or similar instrument as such terms are used in the Loan), or held out its credit as being available to satisfy the obligations of any other Person;

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(h) shall not make loans or advances to any other Person; and

(i) shall not enter into and shall not be a party to, any transaction with any Affiliate except in the ordinary course of business and on terms which are no more favorable to any such Affiliate than would be obtained in a comparable arm's length transaction with an unrelated third party.

10.1.4 Notwithstanding anything to the contrary in this Agreement, no transfer of a Unit will be permitted under the Loan Documents, unless the provisions of this Section 10 are satisfied at all times.

11. Resignation, Withdrawal or Removal of the Manager.

11.1 Resignation or Withdrawal of the Manager. Subject to Section 12 hereof, the Manager shall not resign or withdraw as the Manager or do any act that would require its resignation or withdrawal without a Majority Vote. So long as any Loan is outstanding, the Manager may not resign, except as permitted under the Loan Documents. If the Manager is permitted to resign pursuant to this Section 11.1, an additional Manager of the Company shall be admitted to the Company upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement, which instrument may be a counterpart signature page to this Agreement. Such admission shall be deemed effective immediately prior to the resignation and, immediately following such admission, the resigning Manager shall cease to be a Manager of the Company.

11.2 Removal. Subject to the terms of the Loan Documents, the Manager may be removed by a Majority Vote for "cause". For purposes of this Section 11.2, "cause" shall be deemed to exist (i) if the Manager has engaged in fraud or gross negligence and has materially damaged the Company, or (ii) upon an Event of Insolvency of the Manager.

11.3 Manager's Fees. Upon the removal of the Manager pursuant to Section 11.2 or its withdrawal with the approval of a Majority Vote, such Manager shall be paid all of its earned but unpaid fees and other compensation remaining to be paid under this Agreement. The Company shall pay these amounts to the Manager in cash prior to the effective date of the removal or withdrawal of the Manager. All fees and compensation paid to the Manager pursuant to this Section 11.3 shall be subordinate to all amounts owed by the Company to the Lender; provided, however, the Manager shall be entitled to receive and keep all such fees and compensation paid to the Manager so long as the Loans are not in default at the time such fees and compensation are paid to the Manager.

12. Assignment of Units.

12.1 Permitted Assignments. Subject to the terms and conditions of the Loan Documents, a Member may only sell, assign, hypothecate, encumber or otherwise transfer all or any part of his or her interest in the Company if the following requirements are satisfied:

12.1.1 The Manager consents in its sole and absolute discretion in writing to the transfer;

12.1.2 No Member shall transfer, assign or convey or offer to transfer, assign or convey all or any portion of a Unit to any person who does not possess the financial qualifications required of all persons who become Members, as described in the Memorandum;

12.1.3 No Member shall have the right to transfer any Unit to any minor or to any person who, for any reason, lacks the capacity to contract for himself or herself under applicable law. Such limitations shall not, however, restrict the right of any Member to transfer any one or more Units to a custodian or a trustee for a minor or other person who lacks such contractual capacity;

12.1.4 The Manager, with advice of counsel, must determine that such transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act of 1933, as amended, and registration or qualification under state securities laws relied upon by the Company and Manager in offering and selling the Units or otherwise violate any federal or state securities laws;

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12.1.5 The Manager, with advice of counsel, must determine that, despite such transfer, Units will not be deemed traded on an established securities market or "readily tradable on a secondary market (or the substantial equivalent thereof)" under Section 7704 of the Code;

12.1.6 Any such transfer shall be by a written instrument of assignment, the terms of which are not in contravention of any of the provisions of this Agreement, and which has been duly executed by the assignor of such Units and accepted by the Manager in writing, in advance of consummation of the transfer;

12.1.7 A transfer fee shall be paid by the transferring Member in such amount as may be required by the Manager and/or Lender to cover all reasonable expenses, including attorneys' fees, connected with such assignment;

12.1.8 The transfer will not result in qualified benefit plans owning twenty-five percent (25%) or more of the Units; and

12.1.9 The transfer will not violate any of the terms of the Loan Documents, including any requirement for Lender approval of the transfer.

12.2 Right of First Refusal. Notwithstanding Section 12.1 above, before any Member may transfer all or any portion of its Units, such Selling Member shall provide the Manager written notice of the Third-Party Offer pertaining to such Units, together with a true, correct and complete copy of such Third-Party Offer (collectively, the "ROFR Notice"). The Manager will send a copy of the ROFR Notice to each of the Members in accordance with the contact detailed contained in the Ownership Records within 5 days after Manager's receipt of the ROFR Notice, indicating the date on which the Manager received such ROFR Notice. The giving of a ROFR Notice by a Selling Member to the Manager shall constitute a representation and warranty by the Selling Member to the Offerees that the Third-Party Offer is bona fide in all respects. The Offerees shall have the right, but not the obligation, within 15 days after the Manager's receipt of the ROFR Notice, to elect to purchase the Offered Units for the price and upon the terms and conditions as are contained in the Third-Party Offer by providing a notice of such election to the Selling Member and the Manager; provided however, the price that any Offeree shall pay for the Offered Units shall be reduced by any broker's fees or commissions that would have been payable by any Person under the Third-Party Offer if the Offered Units had been sold pursuant to the Third-Party Offer. If more than one Offeree elects to exercise its right of first refusal in the Offered Units, then the Offered Units will be sold to the participating Offerees on a pro rata basis according to their respective Percentage Shares. If none of the Offerees elect to exercise its right of first refusal in the Offered Units, then the Selling Member shall then be free to sell the Offered Units to the Person who made the Third-Party Offer, but only in accordance with the terms and conditions of the Third-Party Offer. If after compliance with these provisions, and none of the Offerees exercise their aforesaid right of first refusal, and the Person who made the Third-Party Offer also fails to purchase the Offered Units under the terms and conditions of the Third-Party Offer, then the Offered Units may not be sold unless and until the Offerees have been given a new opportunity to determine whether to accept any new or revised Third-Party Offer (in accordance with the above noticing rights and other terms and conditions of the right of first refusal contained herein). For avoidance of doubt, any Offeree's election not to exercise its right of first refusal hereunder shall not be deemed a waiver of its rights hereunder with respect to any other Third-Party Offers. Any sale or conveyance of an Offered Units that fails to comply with these provisions shall be null, void and ineffectual, and shall not bind the Company or any other Beneficial Owners with respect to such purported transferee. Furthermore, in connection with any transfer in violation of this Section, the Company may enforce this Section by, without limitation, injunction, specific performance or other equitable relief, and both the Selling Member and its purported transferee shall be jointly and severally responsible to reimburse the Trust, the Manager and the Trustee, as applicable, for all of their attorney fees and other costs and expenses incurred in connection with such enforcement of this Section.

12.3 Records of Ownership. The Manager shall keep Records of Ownership, which shall include records of the transfer and exchange of Units. Notwithstanding any provision of this Agreement to the contrary, transfer of a Unit, or of any right, title or interest therein, shall occur only upon and by virtue of the entry of such transfer in the Records of Ownership.

12.4 Substituted Member.

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12.4.1 Conditions to be Satisfied. Subject to the terms of the Loan Documents, no person shall have the right to become a Substituted Member unless the Manager shall consent thereto in accordance with Section 12.2.2 and all of the following conditions are satisfied:

(a) A duly executed and acknowledged written instrument of assignment shall have been filed with the Company, which instrument shall specify the number of Units being assigned and set forth the intention of the assignor that the assignee succeed to the assignor's interest as a Substituted Member in his or her place;

(b) The assignor and assignee shall have executed, acknowledged and delivered such other instruments as the Manager may deem necessary or desirable to effect such substitution, which may include an opinion of counsel regarding the effect and legality of any such proposed transfer, and which shall include: (i) the written acceptance and adoption by the assignee of the provisions of this Agreement and (ii) the execution, acknowledgment and delivery to the Manager of a special power of attorney, the form and content of which are more fully described herein; and

(c) A transfer fee sufficient to cover all reasonable expenses connected with such substitution shall have been paid to the Company.

12.4.2 Consent of Manager. The consent of the Manager shall be required to admit a person as a Substituted Member. The granting or withholding of such consent shall be within the sole and absolute discretion of the Manager.

12.4.3 Consent of Member. By executing or adopting this Agreement, each Member hereby consents to the admission of additional or Substituted Members upon consent of the Manager and in compliance with this Agreement.

12.5 Assignment of 50% or More of Units. No assignment of any Units may be made if the Units to be assigned, when added to the total of all other Units assigned within the thirteen (13) immediately preceding months, would, in the advice of counsel for the Company, result in the termination of the Company under the Code.

12.6 Transfer Subject to Law. No assignment, sale, transfer, exchange or other disposition of any Units may be made except in compliance with the applicable governmental laws and regulations, including state and federal securities laws.

12.7 Termination of Limited Liability Company Interest. Upon the transfer of a Unit in violation of this Agreement, or the occurrence of a Member Dissolution that does not result in the dissolution of the Company, the Limited Liability Company Interest of a Member shall be, at the option of the Manager in its sole and absolute discretion, either (a) converted into an Economic Interest, or (b) deemed void ab initio and shall not be binding on the Company, the Manager or any other Member.

13. Books, Records, Accounting and Reports.

13.1 Records, Audits and Reports. The Company shall maintain at its principal office the Company's records and accounts of all operations and expenditures of the Company including the following:

13.1.1 A current list in alphabetical order of the full name and last known business or resident address of each Member and Manager, together with the number of Units owned by each Member;

13.1.2 A copy of the Certificate of Formation and all amendments thereto, together with any powers of attorney pursuant to which the Certificate of Formation or any amendments thereto were executed;

13.1.3 Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

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13.1.4 Copies of this Agreement and any amendments thereto together with any powers of attorney pursuant to which any written accounting or any amendments thereto were executed;

13.1.5 Copies of any financial statements of the Company, if any, for the six (6) most recent years; and

13.1.6 The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four (4) fiscal years.

13.2 Delivery to Members.

13.2.1 Each Member and each Member's representative designated in writing have the right, upon reasonable written request for purposes related to the interest of that person as a Member, which purposes are set forth in the written request, to receive from the Company a copy of this Agreement and the Certificate of Formation and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which this Agreement and any certificate and all amendments thereto have been executed, provided such copy shall not contain any identifying information with regard to a Member and shall be redacted of such information.

13.2.2 Other than as expressly provided in this Agreement, no Member shall have any right to information, reports or records of the Company or with respect to any Member or the Manager. Without limiting the foregoing, no Member shall have the right under this Agreement to receive, review, copy or inspect any list of the Members or any identifying information with regard to the Members, whether or not requested, and Manager shall not have any obligation to provide such information.

13.3 Annual Report. The Manager will cause the Company, at the Company's expense, to prepare an annual report containing a year-end balance sheet, income statement and a statement of changes in financial position. Copies of such statements shall be distributed to each Member within ninety (90) days after the close of each fiscal year of the Company.

13.4 Tax Information. The Manager shall cause the Company, at the Company's expense, to prepare and timely file income tax returns for the Company with the appropriate authorities and shall cause all Company information necessary in the preparation of the Members' individual income tax returns to be distributed to the Members not later than 75 days after the end of the Company's fiscal year.

14. Termination and Dissolution of the Company.

14.1 Termination of Company. Subject to the limitations contained in Section 1.4 and Section 10 of this Agreement and to the Certificate of Formation, the Company shall be dissolved, shall terminate and its assets shall be disposed of, and its affairs wound up, upon the earliest to occur of the following:

14.1.1 Upon the happening of any event of dissolution specified in the Certificate of Formation;

14.1.2 A determination by the Manager to terminate the Company;

14.1.3 The sale of the Contributed Property, held by the Company, or the receipt of the final payment on any seller financing provided by the Company on the sale of the Contributed Property, if later; or

14.1.4 The occurrence of a Dissolution Event unless the business of the Company is continued by a Majority Vote of the remaining Members within ninety (90) days following the occurrence of the event, which shall be mandatory at the times any amounts remain outstanding under the Loan.

The bankruptcy, death, dissolution, liquidation, termination or adjudication of incompetency of a Member (a "Member Dissolution") shall not cause the termination or dissolution of the Company and the business of the Company shall continue.

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14.2 Certificate of Cancellation. As soon as possible following the completion of the winding up of the Company, the Manager who has not wrongfully dissolved the Company or, if none, the Members, shall execute and file a Certificate of Cancellation in such form as shall be required by the Act. The Company shall continue to exist as a separate legal entity until the Certificate of Cancellation has been filed in accordance with the Act.

14.3 Liquidation of Assets. Upon a dissolution and termination of the Company, the Manager (or in case there is no Manager, the Members or person designated by a Majority Vote) shall take full account of the Company assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining the fair market value thereof, and shall apply and distribute the proceeds therefrom in the following order:

14.3.1 To the payment of creditors of the Company, including the Lender, other than Members who are creditors, but excluding secured creditors whose obligations will be assumed or otherwise transferred on liquidation of Company assets, and then to the payment of Members who are creditors of the Company;

14.3.2 To the setting up of any reserves as required by law for any liabilities or obligations of the Company; provided, however, that said reserves shall be deposited with a bank or trust company in escrow with interest for the purpose of disbursing such reserves for the payment of any of the aforementioned contingencies and, at the expiration of a reasonable period, for the purpose of distributing the balance remaining in accordance with the remaining provisions of this Section 14.3; and

14.3.3 To the Members in proportion to their Units.

14.4 Distributions Upon Dissolution. Each Member shall look solely to the assets of the Company for all Distributions and shall have no recourse therefor (upon dissolution or otherwise) against any Manager or any Member.

14.5 Limitation on Distributions. Notwithstanding any other provision in this Agreement, the Company shall make no distribution that would violate the Act, the Loan Documents or other applicable law.

14.6 Waiver of Dissolution and Termination. Notwithstanding anything to the contrary contained in this Agreement, the Company and its Members, to the fullest extent permitted by law, hereby waive their right to dissolve or terminate (and waive their right to consent to the dissolution or termination of) the Company or this Agreement, and shall not take any action towards that end, so long as any Loan remains outstanding to Lender, except upon the express prior written consent of the Lender. This paragraph shall cease to be of further force or effect once the Company no longer has any outstanding Loan or other obligation of any kind whatsoever owing or due the Lender.

15. Special and Limited Power of Attorney.

15.1 Power of Attorney. The Manager shall at all times during the term of the Company have a special and limited power of attorney as the attorney-in-fact for each Member, with power and authority to act in the name and on behalf of each such Member to execute, acknowledge, and swear to in the execution, acknowledgment and filing of documents that are not inconsistent with the provisions of this Agreement and which may include, by way of illustration but not by way of limitation, the following:

15.1.1 This Agreement, as well as any amendments to the foregoing which, under the laws of the State of Delaware or the laws of any other state, are required to be filed or which the Manager shall deem it advisable to file;

15.1.2 Any other instrument or document that may be required to be filed by the Company under the laws of any state or by any governmental agency or which the Manager shall deem it advisable to file;

15.1.3 Any instrument or document that may be required to effect the continuation of the Company, the admission of Substituted Members, or the dissolution and termination of the Company (provided such continuation, admission or dissolution and termination are in accordance with the terms of this Agreement);

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15.1.4 Any instrument of conveyance or encumbrance with respect to the Contributed Property;

15.1.5 This Agreement or any other instrument or document to include any special purpose entity or bankruptcy remote entity requirement imposed by the Lender; and

15.1.6 Any and all other instruments as the Manager may deem necessary or desirable to effect the purposes of this Agreement and carry out fully its provisions, including, but not limited to, those in Sections 7 and 17.

15.2 Provision of Power of Attorney. The special and limited power of attorney of the Manager:

15.2.1 Is a special power of attorney coupled with the interest of the Manager in the Company, and its assets, is irrevocable, shall survive the death, incapacity, termination or dissolution of the granting Member, and is limited to those matters herein set forth;

15.2.2 May be exercised by the Manager by and through one or more of the officers of the Manager, for each of the Members by the signature of the Manager acting as attorney-in-fact for the Members, together with a list of all Members executing such instrument by their attorney-in-fact or by such other method as may be required or requested in connection with the recording or filing of any instrument or other document so executed; and

15.2.3 Shall survive an assignment by a Member of all or any portion of his or her Units except that, where the assignee of the Units owned by the Member has been approved by the Manager for admission to the Company as a Substituted Member, the special power of attorney shall survive such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any instrument or document necessary to effect such substitution to the fullest extent permitted by law.

15.3 Notice to Members. The Manager shall promptly furnish to a Member a copy of any amendment to this Agreement executed by the Manager pursuant to a power of attorney from the Member.

16. Relationship of this Agreement to the Act. Many of the terms of this Agreement are intended to alter or extend provisions of the Act as they may apply to the Company or the Members. Any failure of this Agreement to mention or specify the relationship of such terms to provisions of the Act that may affect the scope or application of such terms shall not be construed to mean that any of such terms are not intended to be a provision of this Agreement authorized or permitted by the Act or which in whole or in part alters, extends or supplants provisions of the Act as may be allowed thereby.

17. Amendment of Agreement.

17.1 Admission of Member. Amendments to this Agreement for the admission of any Member or Substituted Member shall not, if in accordance with the terms of this Agreement and the Loan Documents, require the consent of any Member.

17.2 Amendments with Consent of Members. Subject to the terms of Section 10.1 and the Certificate of Formation, in addition to any amendments otherwise authorized herein, this Agreement may be amended by the Manager with a Majority Vote of the Units; provided, however, that any amendment that would treat a specific Member less favorably than another Member (in application but not in effect), then such amendment shall require the vote of such adversely affected Member.

17.3 Amendments Without Consent of the Members. Subject to the terms of Section 10.1 and the Certificate of Formation, in addition to any amendment to this Agreement authorized pursuant to Section 7.3.11 or otherwise authorized herein, the Manager may amend this Agreement, without the consent of any of the Members, to (i) change the name and/or principal place of business of the Company, or (ii) decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Company and conduct its business and affairs); provided, however, that no amendment shall be adopted pursuant to this Section 17.3 unless

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the adoption thereof (A) is for the benefit of or not adverse to the interests of the Members, (B) is not inconsistent with Section 7 or Section 10, and (C) does not affect the limited liability of the Members or the status of the Company as a partnership for federal income tax purposes. Further, the Manager shall be allowed to amend this Agreement without the consent of any of the Members to comply with any terms or modifications required by any lender to make this Agreement comply with any special purpose entity requirements; provided, however, no such amendment shall be adverse to the interests of the Members.

17.4 Execution and Recording of Amendments. Any amendment to this Agreement shall be executed by the Manager, and by the Manager as attorney-in-fact for the Members pursuant to the power of attorney contained in Section 15. After the execution of such amendment, the Manager shall also prepare and record or file any certificate or other document which may be required to be recorded or filed with respect to such amendment, either under the Act or under the laws of any other jurisdiction in which the Company holds any property or otherwise does business.

18. Member Representations. Each Member hereby represents and warrants to the Company, the Manager and all other Members that:

18.1 Such Member has the power and authority to execute and comply with the terms and provisions hereof.

18.2 Such Member's interest in the Company has not and will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state, and cannot be sold or transferred without compliance with the registration provisions of said Securities Act of 1933, as amended, and the applicable state securities laws, or compliance with the exemptions, if any, available thereunder. Such Member understands that neither the Company nor the Manager or any other Member has any obligation or intention to register the Member interests under any federal or state securities act or law, or to file the reports to make public the information required by Rule 144 under the Securities Act of 1933, as amended.

19. Miscellaneous.

19.1 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart.

19.2 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the respective Members.

19.3 Severability. In the event any sentence or Section of this Agreement is declared by a court of competent jurisdiction to be void, such sentence or Section shall be deemed severed from the remainder of this Agreement and the balance of this Agreement shall remain in full force and effect.

19.4 Notices. All notices under this Agreement shall be in writing and shall be given to the Member entitled thereto, by personal service or by mail, posted to the address maintained by the Company for such person or at such other address as he or she may specify in writing; provided, however, that in the event that any such Member does not respond to the personal service or mail as set forth above, that the Manager shall send out one additional notice by certified mail return receipt requested or by a delivery service that maintains records regarding their deliveries or attempted deliveries.

19.5 Manager's Address. The address of the Manager is as follows:

BR 79 West Springing Manager, LLC
c/o Bluerock Real Estate, L.L.C.
1345 Avenue of the Americas,
32nd Floor, Suite B
New York, NY 10105

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19.6 [INTENTIONALLY OMITTED]

19.7 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and reference. Such titles and captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any provisions hereof.

19.8 Gender. Whenever required by the context hereof, the singular shall include the plural, and vice versa, the masculine gender shall include the feminine and neuter genders, and vice versa.

19.9 Time. Time is of the essence with respect to this Agreement.

19.10 Additional Documents. Each Member, upon the request of the Manager, shall perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement, including, but not limited to, providing acknowledgment before a Notary Public of any signature made by a Member.

19.11 Descriptions. All descriptions referred to in this Agreement are expressly incorporated herein by reference as if set forth in full, whether or not attached hereto.

19.12 Choice of Law and Venue. Any action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in the borough of Manhattan in New York County, New York, and in such action the substantive laws of the State of New York shall be applicable, without regard to any choice of laws principles. Members hereby waive trial by jury in any action, proceeding or counterclaim brought by any of the parties hereto on any matters whatsoever arising out of or in any way connected with this Agreement, or in connection with any emergency statutory or any other statutory remedy.

19.13 Partition. The Members agree that the assets of the Company are not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all rights that he may have, or may obtain, to maintain any action for partition of any of the assets of the Company.

19.14 Integrated and Binding Agreement. This Agreement contains the entire understanding and agreement among the Members with respect to the subject matter hereof, and there are no other agreements, understandings, representations or warranties among the Members other than those set forth herein except the Purchase Agreement executed in connection with the purchase of Beneficial Interests in the Trust (the "Purchase Agreement"). This Agreement may be amended only as provided in this Agreement.

19.15 Legal Counsel. Each Member acknowledges and agrees that counsel representing the Company, the Manager and its Affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Members, other than the Manager, in any respect. In addition, each Member consents to the Manager hiring counsel for the Company that is also counsel to one or more of the Managers.

19.16 Title to Company Property. All property owned by the Company shall be owned by the Company as an entity and, insofar as permitted by applicable law, no Member shall have any ownership interest in any Company property in its individual name or right, and each Member's Limited Liability Company Interest shall be personal property for all purposes. As long as any obligation to the Lender is outstanding, nothing herein is intended to give any creditor of a Member any rights in the Member's interest in the Company other than as an assignee of the Member's interest in the Company and such creditor will have no direct claim to the assets of the Company.

19.17 Conflict. In the event of a conflict between the terms of this Agreement and the Certificate of Formation, the terms of the Certificate of Formation shall control.

19.18 Signature of the Members. The Members hereby acknowledge and agree that by signing the Purchase Agreement they are also agreeing to be bound by the terms of this Agreement and that their signature hereto will not be required as of the Transfer Date.

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* * * *

[Remainder of page intentionally left blank; signature page follows.]

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IN WITNESS WHEREOF, the undersigned have set their hands to this Agreement as of the date set forth below.

MANAGER:
BR 79 West Springing Manager, LLC,
a Delaware limited liability company

By: _____
Name_____
Title: _____

Date: _____

INITIAL MEMBER:
BR 79 West, DST,
a Delaware statutory trust

By: BR 79 West DST Manager, LLC,
a Delaware limited liability company
Its: Manager

By: _____
Its: _____

Date: _____

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EXHIBIT I

DEFINITIONS

"Act" shall mean the Delaware Limited Liability Company Act, as the same may be amended from time to time.

"Additional Capital Contributions" means those additional Capital Contributions which may be voluntarily given pursuant to Section 3.2 hereof.

"Affiliate" shall mean (i) any person directly or indirectly controlling, controlled by or under common control with another person; (ii) a person owning or controlling ten percent (10%) or more of the outstanding voting securities of such other person; (iii) any officer, director or partner of such other person; and (iv) if such other person is an officer, director or partner, any company for which such person acts in any capacity. The term "person" shall include any natural person, corporation, partnership, company, trust, unincorporated association or other legal entity.

"Agreement" shall mean this Limited Liability Company Agreement, as amended from time to time.

"Beneficial Interest" means a beneficial interest in the Trust, as such term is used in the Statutory Trust Act, all of which interests shall be either Class 1 Beneficial Interests (as defined in the Trust Agreement) or the Class 2 Beneficial Interests (as defined in the Trust Agreement).

"Beneficial Owner" means each person who, at the time of determination, holds a Beneficial Interest as reflected on the Ownership Records (as defined in the Trust Agreement) as of the Transfer Date.

"Capital Contribution(s)" means, with respect to any Member, or all of the Members, all cash and properties contributed to the Company pursuant to Section 3.1.1 of this Agreement net of liabilities assumed or taken subject to by the Company.

"Capital Expenditures" means expenditures for items that are capital in nature, including, but not limited to, tenant improvements, leasing commissions, and major repairs, made at the discretion of the Manager.

"Cash from Operations" shall mean the net cash realized by the Company from all sources, including, but not limited to, the operations of the Company including the sale, financing, refinancing or other disposition of the Contributed Property, after payment of all cash expenditures of the Company, including, but not limited to, all operating expenses including all fees payable to the Manager or its Affiliates, all payments of principal and interest on indebtedness, and such reserves and retentions as the Manager reasonably determines to be necessary and desirable in connection with Company operations with its then existing assets and any anticipated acquisitions.

"Certificate of Cancellation" shall mean the Certificate of Cancellation of the Company as filed with the Secretary of State of Delaware.

"Certificate of Formation" shall mean the Certificate of Formation of the Company as filed with the Secretary of State of Delaware as the same may be amended or restated from time to time.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequently enacted federal revenue laws.

"Company" shall mean BR 79 West Springing, LLC.

"Contributed Property" means all of the Trust's right, title, and interest in and to the Real Estate, the Lease or Leases, as applicable, and any and all other property and assets (whether tangible or intangible) in which the Trust at any time has any right, title or interest, contributed by the Trust pursuant to the Transfer Distribution, and all of which are or will be acquired by the Company in connection with the formation of the Company.

"Disposition Fee" shall have the meaning set forth in Section 6.1.

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"Dissolution Event" shall mean with respect to the Manager one or more of the following: the death, insanity, withdrawal, retirement, resignation, expulsion, Event of Insolvency or dissolution (unless reconstituted by the Manager) of the Manager unless the Members consent to continue the business of the Company pursuant to Section 14.1.4.

"Distributable Cash" shall mean Cash from Operations and Capital Contributions determined by the Manager to be available for Distribution to the Members.

"Distribution" shall refer to any money or other property transferred without consideration (other than repurchased Units) to Members with respect to their interests or Units in the Company but shall not include any payments to the Manager pursuant to Section 6.

"Economic Interest" shall mean an interest in the income, loss and Distributions of the Company but shall not include any right to vote or to participate in the management of the Company.

"Event of Insolvency" shall occur when an order for relief against the Manager is entered under Chapter 7 of the federal bankruptcy law, or (A) the Manager: (1) makes a general assignment for the benefit of creditors, (2) files a voluntary petition under the federal bankruptcy law, (3) files a petition or answer seeking for that Manager a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, (4) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Manager in any proceeding of this nature, or (5) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of that Manager or of all or a substantial part of that Manager's properties, or (B) the expiration of sixty (60) days after either (1) the commencement of any proceeding against the Manager seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law, or regulation, if the proceeding has not been dismissed, or (2) the appointment without the Manager's consent or acquiescence of a trustee, receiver, or liquidator of the Manager or of all or any substantial part of the Manager's properties, if the appointment has not been vacated or stayed (or if within sixty (60) days after the expiration of any such stay, the appointment is not vacated).

"First Mortgage" means the first-priority Mortgage securing the First Mortgage Loan.

"First Mortgage Loan" means the Lender's mortgage loan in the original principal amount of approximately $38,431,000, secured by the First Mortgage and the First Mortgage Loan Documents.

"First Mortgage Loan Documents" means, in connection with the First Mortgage Loan, the First Mortgage and all related assignment of leases and rents, and the other security instruments in or related to the Real Estate.

"Initial Member" shall mean the Trust.

"Lease" means that master lease agreement entered into between the Trust and BR 79 West Leaseco, LLC, together with all amendments, supplements and modifications thereto.

"Lender" shall mean KeyBank National Association under the Federal National Mortgage Association Delegated Underwriting and Servicing program, together with its successors, assigns and transferees.

"Limited Liability Company Interest" shall mean a Member's entire interest in the Company including such Member's Economic Interest and such voting and other rights and privileges that the Member may enjoy by being a Member.

"Liquidation" means, in respect to the Company, the earlier of the date upon which the Company is terminated under Section 708(b)(1) of the Code or the date upon which the Company ceases to be a going concern (even though it may exist for purposes of winding up its affairs, paying its debts and distributing any remaining balance to its Members), and in respect to a Member, where the Company is not in Liquidation means the date upon which occurs the termination of the Member's entire interest in the Company by means of a Distribution or the making of the last of a series of Distributions (whether or not made in more than one (1) year) to the Member by the Company.

"Loan" shall mean the loan made by the Lender to the Trust and secured by a mortgage or deed of trust.

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"Loan Documents" shall mean the First Mortgage Loan Documents and any other documents or agreements contemplated by any of the foregoing or otherwise required by Lender.

"Majority Vote" shall mean the vote of more than fifty percent (50%) of the Units entitled to vote. Members shall be entitled to cast one vote for each Unit they own, and a fractional vote for each fractional Unit they own. All Units shall be deemed to have voted FOR the proposed action unless affirmatively cast AGAINST the proposed action in a timely manner, except that votes under Section 9.2.1, 9.2.2, and 9.2.5 shall require the actual and affirmative vote of more than 50% of the Units to pass the proposed action.

"Manager" shall refer to BR 79 West Springing Manager, LLC, a Delaware limited liability company. The term "Manager" shall also refer to any successor or additional Manager who is admitted to the Company as the Manager.

"Master Lessee" shall refer to BR 79 West Leaseco, LLC, a Delaware limited liability company.

"Member" or "Members" shall mean the persons listed on Exhibit II attached hereto.

"Member Dissolution" shall have the meaning set forth in Section 14.1.

"Mortgage" means any mortgage and security agreement or deed of trust and security agreement, as the case may be, encumbering the Property as security for the Loan.

"Offered Units" means Units, or portion thereof, that are being offered for sale pursuant to a Third-Party Offer.

"Offerees" means, with respect to a Third-Party Offer, the Manager and each Member other than the Selling Member.

"Organization Expenses" shall mean all expenses incurred in connection with the organization and formation of the Company, including but not limited to legal and accounting fees, tax planning fees, promotional fees or expenses, filing and recording fees and other costs or expenses incurred in connection therewith.

"Partnership Representative" means the "partnership representative," as said term is used in section 6223(a) of the Code. The Partnership Representative shall be the Manager until such time as a new Partnership Representative is selected by the Company.

"Prime Rate" shall mean the reference rate announced from time-to-time by the Wall Street Journal, and changes in the Prime Rate shall be deemed to occur on the date that changes in such rate are announced.

"Property" shall mean the property known as "79 West", located at 102 Cabana Cay Circle, Panama City Beach, Florida 32413.

"Records of Ownership" means the records maintained by the Manager indicating from time to time the name, mailing address, and the number of Units of each Member, and shall be revised by the Manager contemporaneously to reflect the issuance of additional Units in accordance with this Agreement, changes in mailing addresses, or other changes.

"Selling Member" means a Member who receives a Third-Party Offer.

"Substituted Member" shall mean any person admitted as a substituted Member pursuant to this Agreement.

"Tax Payment" shall have the meaning set forth in Section 4.6.1.

"Third-Party Offer" means an offer to purchase all or a portion of a Member's Units, a controlling ownership interest in the Selling Member or any right to control the Selling Member.

"Transfer Date" shall mean the date the Contributed Property is contributed to the Company pursuant to Section 9.2 of the Trust Agreement.

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"Trust" means BR 79 West, DST, that certain Delaware statutory trust formed by and in accordance with, and governed by, the Trust Agreement.

"Trust Agreement" means that certain Amended and Restated Trust Agreement dated as of January 13, 2022 by and among BR 79 West Investment Co, LLC, as Depositor, BR 79 West DST Manager, LLC, as Manager, Delaware Trust Company ("DTC"), as Trustee, and certain Beneficial Owners holding a Beneficial Interest in the Trust.

"Trust Estate" means all of the Trust's right, title, and interest in and to the Property, the Lease and any and all other property and assets (whether tangible or intangible) in which the Trust at any time has any right, title or interest, held by the Trust prior to the Transfer Distribution.

"Trustee" means the person serving, at the time of determination, as the trustee under the Trust.

"Unit" shall represent an interest in the Company entitling the owner of the Unit if admitted as a Member or Manager to the respective voting and other rights afforded to a Member holding a Unit, and affording to such Member's share in income, loss and Distributions as provided for in this Agreement. The Units shall consist of ten thousand (10,000) Units held by the Members.

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EXHIBIT II

MEMBERS

(prior Beneficial Owners under the Trust Agreement)

Name	Address	Percentage Interest in the Trust	Number of Units
[Members]		[____]%	[____] Units

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EXHIBIT III

PROPERTY

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EXHIBIT G

FORM OF CONVERSION NOTICE

BR 79 West Investment Co, LLC (the "Depositor"), as the sole Class 2 Beneficial Owner and the sole holder of the Class 2 Beneficial Ownership Certificates in BR 79 West, DST (the "Trust"), hereby provides a Conversion Notice pursuant to Section 6.12 of the Amended and Restated Trust Agreement dated as of January 13, 2022.

Date: _____, 2022

BR 79 West Investment Co, LLC, a Delaware limited liability company

By: Bluerock Real Estate Holdings, LLC, its Manager

By:_____
Name:_____
Title:_____

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EXHIBIT C
PROPERTY MANAGEMENT AGREEMENT

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PROPERTY MANAGEMENT AGREEMENT

BETWEEN

BR 79 WEST LEASECO, LLC, a Delaware Limited Liability Company

AND

BLUEROCK PROPERTY MANAGEMENT, LLC, a Michigan Limited Liability Company

DATED AS OF JANUARY 13, 2022

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PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT (the "Agreement") made this 13th day of January, 2022, by and between BR 79 West Leaseco, LLC, a Delaware limited liability company ("Master Lessee") and Bluerock Property Management, LLC, a Michigan limited liability company ("Property Manager").

This Agreement covers the apartment project referred to as the "Project" in that certain Master Lease (the "Master Lease"), dated January __, 2022, between BR 79 West, DST, a Delaware Statutory Trust (the "Landlord") as landlord and Master Lessee as tenant (such apartment Project, for purposes of this Agreement, the "Property"). Capitalized terms used without definition herein will have the meanings set forth in the Master Lease.

Master Lessee desires to employ Property Manager in the management and operation of the Property by turning over to Property Manager the operation, direction, management, and supervision of the Property, subject to and in accordance with the terms and conditions set forth in this Agreement, and Property Manager desires to assume such duties upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Master Lessee and Property Manager agree as follows:

ARTICLE 1
APPOINTMENT

Master Lessee hereby grants to Property Manager, as an independent contractor, the sole and exclusive right to manage and operate the Property, subject to the terms and provisions of this Agreement. During the Term (as defined herein) of this Agreement, Master Lessee shall not participate in the day-to-day operation of the Property and shall at no time directly order or instruct any employees or other personnel engaged in the day-to-day management and operation of the Property. The foregoing shall not restrict the right of Master Lessee to direct any questions, orders, or instructions regarding operations of the Property to the Property Manager.

ARTICLE 2
TERM OF AGREEMENT

2.1 Term. Subject to Sections 2.2 and 2.3 hereof, the initial term of this Agreement shall be twelve (12) months, but it will be automatically renewed thereafter for successive one-year terms unless terminated by one of the parties in writing prior to the expiration of the then-pending term (the "Term").

2.2 Effect of Expiration or Termination. Any expiration or termination of this Agreement shall in no way affect or impair any rights or obligations which have accrued to either party pursuant to this Agreement prior to such expiration or termination, including, without limitation, the rights of Property Manager to receive payments provided for hereunder, without set-off, recoupment or similar withholding of payment by Master Lessee. In the event of any termination of this Agreement, Property Manager shall use commercially reasonable efforts to affect an orderly transition of the management and operation of the Property to Master Lessee or an agent designated by Master Lessee and to cooperate with Master Lessee or such agent.

Upon any termination or expiration of this Agreement, and provided all payments due Property Manager have been paid in full, including the Termination Fee (as defined herein) if applicable, Property Manager shall:

2.2.1 account for and deliver to Master Lessee all receipts, charges and income from the Property (including, without limitation, tenant security deposits) and other monies of Master Lessee in Property Manager's actual possession or control;

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2.2.2 deliver to Master Lessee any monies due Master Lessee under this Agreement received after such termination;

2.2.3 deliver to Master Lessee, or to such other person as Master Lessee shall designate, all materials, supplies, equipment, keys, contracts, documents, books and records (including, without limitation, accounts payable, financial records and accounting records) pertaining to this Agreement and/or the Property;

2.2.4 assign any then-existing contracts and permits in the name of Property Manager, as agent for Master Lessee, relating to the Property to Master Lessee or to such party as Master Lessee shall designate;

2.2.5 within forty-five (45) days after the effective date of expiration or termination of this Agreement, cause to be furnished to Master Lessee a statement similar in form and content to its monthly statement covering the period from the date of the last such previous statement to the date of the termination of this Agreement; and

2.2.6 Within ninety (90) days following expiration or termination, Property Manager shall deliver to Master Lessee a final accounting, in writing, with respect to the operations of the Property. Subsections 2.2.5 and 2.2.6 shall survive the expiration or termination of this Agreement.

2.3 Assumption of Obligations. Upon the termination of this Agreement, Master Lessee shall assume the obligations of any contract executed, and the responsibility for payment of all unpaid bills incurred, by Property Manager in accordance with this Agreement for and on behalf of Master Lessee.

2.4 Termination Fee. In the event this Agreement is terminated other than through the expiration of the Term hereof, by the action of the Master Lessee or the Master Lessee's default hereunder, Master Lessee shall pay to Property Manager a termination fee in an amount equal to the Management Fee (as defined herein) that would accrue from and after the date upon which termination shall become effective, over the remainder of the stated Term of this Agreement (the "Termination Fee"). For this purpose, the monthly Management Fee for the remainder of the stated Term shall be presumed to be the same as that of the last month prior to termination. Property Manager acknowledges that its right to payment of a Termination Fee is personal to the Master Lessee and does not extend to any obligations Master Lessee may have to the Landlord under the Master Lease or to any Secured Party (as hereafter defined), and that such Termination Fee is subordinate to any obligations Master Lessee may have to such Secured Party or under the Loan Documents (as hereafter defined).

ARTICLE 3
MANAGEMENT

General Management Duties. Subject to the availability of funds provided under the Budget (as defined in Section 3.3 hereof) and in the Operating Account (as defined in Section 5.1 hereof), Property Manager shall manage and operate the Property in a manner consistent with the management and operation of comparable properties in Panama City Beach, Florida, shall provide such services as are customarily provided by a manager of properties of comparable class and standing, and shall consult with Master Lessee and keep Master Lessee advised as to all material or extraordinary matters and decisions affecting the Property. Specifically, Property Manager shall perform, without limitation the following services and duties for Master Lessee in a faithful, diligent, and efficient manner:

3.1.1 Maintain businesslike relations with residents of the Property whose service requests shall be received, considered, and recorded in systematic fashion in order to show the action taken with respect to each request. Complaints of a serious nature shall, after thorough investigation, be reported to Master Lessee with appropriate recommendations for addressing such complaints;

3.1.2 Use good faith efforts to collect all rents and other sums and charges due from residents, sub-residents, licensees, and concessionaires of the Property and all other receipts, if any, derived from the operation of the Property;

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3.1.3 Prepare or cause to be prepared for execution and filing by Master Lessee all forms, reports, and returns, if any, required by all federal, state, or local laws in connection with unemployment insurance, workmen's compensation insurance, disability benefits, Social Security, and other similar taxes now in effect or hereafter imposed, and also any other requirements relating to the employment of personnel for the Property Manager; however, Property Manager shall not be obligated to prepare any of Master Lessee's local, state, or federal income tax returns;

3.1.4 Subject to the limitations of the approved Budget adopted pursuant to Section 3.3 hereof, pay prior to delinquency all real estate taxes, personal property taxes, and assessments levied against the Property, or any part thereof; and

3.1.5 Subject to the limitations of the approved Budget adopted pursuant to Section 3.3 hereof, perform such other acts as are reasonable, necessary, and proper in the discharge of its duties under this Agreement.

3.2 Leasing.

3.2.1 Exclusive Agency. Property Manager shall be the sole rental agent for the Property, and Master Lessee may not employ any outside rental agent or broker without the prior written consent of Property Manager. The Property Manager shall exercise commercially reasonable efforts to obtain and keep financially responsible tenants of the Property. All inquiries concerning any leases or renewals or agreements for the rental of any tenant space in the Property shall be referred to Property Manager. The Property Manager shall conduct and coordinate the negotiation and execution and delivery of leases and renewals, modifications, and cancellations thereof. All leases are to be prepared by Property Manager in accordance with the standard form lease established by Property Manager and approved by Master Lessee. Property Manager may execute tenant leases on behalf of Master Lessee in the ordinary course of business on the standard lease forms approved by Master Lessee for the Property. Leases and other agreements with tenants shall be executed and delivered by the Property Manager as agent of Master Lessee. All other leases shall be subject to the prior specific written approval of Master Lessee.

3.2.2 Advertising; Promotion. Master Lessee agrees that Property Manager may use the services of any third party rental or leasing agency, including any apartment locator services in the area where the Property is located, and the fees payable for such services shall be expenses of Master Lessee, payable out of the Operating Account for the Property. The Property Manager may also prepare and use at Master Lessee's expense reasonable advertising plans and promotional material to further rentals. Property Manager shall not use Master Lessee's name in any advertising or promotional material without Master Lessee's prior written approval.

3.3 Budget.

3.3.1 Budget Approval Process. Property Manager shall submit for approval of Master Lessee not later than 30 days after the date of this Agreement a proposed detailed, written estimate or projection of all receipts and expenditures for the operation of the Property for first full or partial Fiscal Year (as hereinafter defined), including, without limitation, all estimated rentals and all estimated repairs, maintenance, and capital projects (the "Budget") for such Fiscal Year. In addition, Property Manager shall submit a Budget for the ensuing Fiscal Year for the approval of Master Lessee not later than thirty (30) days prior to the expiration of the Fiscal Year immediately preceding the Fiscal Year to which such Budget relates. A "Fiscal Year" is a calendar year, all or part of which falls within the Term of this Agreement. In the event Master Lessee, in Master Lessee's sole judgment, disapproves of any proposed Budget submitted by Property Manager, Master Lessee shall give Property Manager written notice of the line items that have been disapproved, in which event Property Manager and Master Lessee shall work in good faith to establish amounts for such line items not approved. Until Master Lessee has approved the revised Budget, Property Manager may (i) pay the Management Fee and all expenses relating to taxes, insurance, and utilities, (ii) operate pursuant to those portions of the Budget which have been approved, and (iii) with respect to line

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items that have not been approved, continue to operate pursuant to the corresponding line items in the last approved Budget. In the absence of any written notice from Master Lessee of disapproval within thirty (30) days after delivery of the proposed Budget to Master Lessee, the proposed Budget shall be deemed to have been approved by Master Lessee.

3.3.2 Payment of Budgeted Expenses. Property Manager shall have the right to pay all expenses according to the approved Budget, including the Management Fee. Notwithstanding any other provision in this Agreement, without the prior written consent of Master Lessee, Property Manager shall not incur or permit to be incurred expenses under this Agreement (excluding only utility expenses, general real estate taxes, insurance premiums, financing costs and emergency expenses) that exceed ten percent (10%) of the applicable line item in the Budget. Property Manager shall promptly notify Master Lessee whenever Property Manager determines that the Budget or any line item in the Budget is insufficient to cover the expenses of operating the Property or the applicable expense category.

3.4 Reimbursable Costs. All costs incurred by Property Manager in the performance of its duties under this Agreement that are in accordance with the approved Budget, including, but not limited to, postage, copying, courier charges, bank charges, long distance telephone and other such costs as would normally be incurred in the operation of the Property at both the Property and corporate offices shall be reimbursed by Master Lessee, in addition to the Management Fee and other payments due hereunder.

3.5 Property Personnel. Property Manager may, at Master Lessee's expense and in accordance with the approved Budget, either itself or through an entity (hereinafter referred to as the "PM Entity") wholly owned by Property Manager, hire, employ, supervise, and discharge all employees required in connection with the operation and management of the Property. Property Manager or the PM Entity, as the case may be, shall provide and maintain, at Master Lessee's expense, so long as this Agreement is in force, workmen's compensation insurance in full compliance with all applicable state and federal laws and regulations.

Employees of the Property Manager or the PM Entity, as the case may be, may include the following:

3.5.1 Property Manager. A full-time person who is experienced in the administration and operation of apartment complexes of the size, character, and quality of the Property;

3.5.2 Others. Such other personnel to manage, operate and maintain the Property, including, but not limited to, an assistant property manager, leasing consultant, maintenance manager, administrative personnel, accounting personnel, grounds keepers, janitorial and custodial persons, and courtesy personnel, as Property Manager reasonably deems necessary or consistent with the level of service provided by other similar properties. All such personnel shall, except to the extent provided in the approved Budget, spend 100% of their work time on the operation and maintenance of the Property.

3.6 Contracts and Supplies. Property Manager shall, at Master Lessee's expense, at the lowest cost as in its judgment is consistent with good quality, workmanship and service standards, enter into contracts in its own name as agent for Master Lessee for the furnishing to the Property of required utility services, heating and air-conditioning services and other maintenance, pest control, and any other services and concessions which are reasonably required in connection with the maintenance and operation of the Property; provided, however, (i) that any contracts entered into by Property Manager, whenever practicable, shall be terminable at Property Manager's or Master Lessee's sole discretion within thirty (30) days by written notice unless Property Manager receives the prior written consent of Master Lessee to the contrary, (ii) if the amount payable monthly or for any given month pursuant to such contract exceeds $10,000, Property Manager shall obtain Master Lessee's written approval thereof prior to entering into such contract (such approval shall be deemed granted if not disapproved in writing by Master Lessee within five (5) days of Property Manager's request for approval) and (iii) if the contract is with an affiliate the relationship must be disclosed to the Master Lessee and the terms must be as favorable as those that would be obtained if the transaction were at arm's length. Each of such contracts shall state that Property Manager is acting as a special limited agent of Master Lessee having only the express powers that are delegated and authorized pursuant to this Agreement. When taking bids, Property Manager shall use all reasonable efforts to secure for and credit to Master Lessee, any discounts, commissions, or rebates obtainable as a result of such purchases or services. Property Manager shall use all reasonable

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efforts to make purchases and (where necessary or desirable) let bids for necessary labor and materials at the lowest possible cost as in its judgment is consistent with good quality, workmanship, and service standards. In addition, Property Manager shall use reasonable efforts to purchase goods and services through Property Manager's or, if so directed by Master Lessee, Master Lessee's national purchasing agreements, where applicable.

3.7 Right to Subcontract Property Management Functions. Notwithstanding any other provision hereof, Property Manager may subcontract all day-to-day, on-site management, leasing, and related functions for the Property to a third-party sub-manager (the "Property Sub-Manager"), which will be paid a market-rate monthly fee as specified in Section 4.1 hereof. Initially, the Property Sub-Manager shall be Rivergate KW Management, LLC.

3.8 Alterations, Repairs and Maintenance.

3.8.1 Budgeted Repairs/Emergency Repairs. Property Manager shall, at Master Lessee's expense, perform or cause to be performed all necessary or desirable repairs, maintenance, cleaning, painting and decorating, alterations, replacements and improvements in and to the Property as are customarily made by property managers in the operation of properties of the kind, size and quality of the Property; provided, however, that no unbudgeted alterations, additions or improvements involving a fundamental change in the character of the Property or constituting a major new construction program shall be made without the prior written approval of Master Lessee. In addition, no unbudgeted expenditure in excess of $25,000 per item or a total of $75,000 in any Fiscal Year shall be made for such purposes without the prior written approval of Master Lessee. However, emergency repairs involving manifest danger to life or property, or immediately necessary for the preservation or the safety of the Property, or for the safety of the residents of the Property or required to avoid the suspension of any necessary service to the Property or required by any judicial or governmental authority having jurisdiction, may be made by the Property Manager without prior approval and regardless of the cost limitations imposed by this Section 3.8.1. Property Manager shall as soon as practicable give written notice to Master Lessee of any such emergency repairs for which prior approval is not required.

3.8.2 Capital Improvements. In accordance with the terms of the approved Budget or upon written request and/or approval of Master Lessee, Property Manager shall, from time to time during the Term hereof, at Master Lessee's expense, supervise the performance of all required capital improvements, replacements or repairs to the Property but nothing herein shall be deemed to require Property Manager to serve as a construction manager or general contractor for such improvements or repairs or replacements nor shall Property Manager have any responsibility for any of the work performed in connection with such improvements or repairs or replacements. If Property Manager is required to perform extraordinary services in connection with such improvements, repairs or replacements, Property Manager shall be entitled to a capital improvement management fee to be negotiated in good faith by the parties hereto at such time.

3.8.3 Defects and Warranties. Property Manager shall give Master Lessee written notice of any material defect, casualty or a taking in or of the Property and all parts thereof known to Property Manager promptly after any of the foregoing comes to Property Manager's attention, including, without limitation, material defects in the roof, foundation, or walls of the Property or in the sewer, water, electrical, structural, plumbing, heating, ventilation, or air conditioning systems. Property Manager shall make periodic visual inspections of the Property consistent with its on-site employees' expertise.

3.9 Licenses and Permits. Property Manager shall, at Master Lessee's expense, obtain and maintain in the name of Master Lessee all licenses and permits required of Master Lessee or Property Manager in connection with the management and operation of the Property. Master Lessee agrees to execute and deliver any and all applications and other documents and to otherwise cooperate with Property Manager in applying for, obtaining and maintaining such licenses and permits.

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3.10 Compliance with Laws. Property Manager shall comply with all applicable laws, regulations and requirements of any federal, state or municipal government having jurisdiction with respect to the maintenance or operation of the Property by Property Manager in accordance with its obligations under this Agreement.

3.11 Legal Proceedings. Property Manager may, to the extent permitted by law, terminate a lease, lock out a tenant, and institute proceedings for recovery of possession, in the ordinary course of business, without the prior written approval of Master Lessee. Property Manager may institute suit for rent or damages against a tenant without the prior written approval of Master Lessee. All such suits or proceedings shall, to the extent permitted by law, be brought in the name of Property Manager, as agent for Master Lessee, and shall be handled as determined by Property Manager. Master Lessee shall pay all expenses incurred by Property Manager, including, but not limited to, reasonable attorney's fees and any liability, fines, penalties or the like, in connection with any claim, proceeding, or suit involving an action against a tenant or an alleged violation by the Property Manager or Master Lessee, or both, of any law pertaining to fair employment, fair credit reporting, environmental protection, rent control, taxes, or fair housing, including, but not limited to, any law prohibiting or making illegal discrimination on the basis of race, sex, family status, creed, color, religion, national origin, or mental or physical handicap; provided, however, that Master Lessee shall not be responsible to Property Manager for any such expenses in the event Property Manager is finally adjudged to have violated any such law. Nothing contained in this Agreement shall obligate Property Manager to employ legal counsel to represent Master Lessee in any such proceeding or suit. Master Lessee shall pay reasonable expenses incurred by Property Manager in obtaining legal advice required in Property Manager's reasonable discretion.

3.12 Inventory. Property Manager shall maintain a current inventory of all equipment supplies, furnishings, furniture and all other items of personal property now or hereafter owned by Master Lessee and located upon or used, or useful for, or necessary or adapted for the operation of the Property.

3.13 Signs. Master Lessee agrees to allow Property Manager to place one or more signs on or about the Property stating that Property Manager is the management and leasing agent for the Property. All such signs and locations thereof shall be subject to Master Lessee's prior approval, not to be unreasonably withheld.

3.14 Property Manager's Offices. Master Lessee shall provide to Property Manager, at Master Lessee's expense, an office in the Property of a size and in a location appropriate for the conduct of Property Manager's duties under this Agreement.

3.15 Limitation of Liability. Property Manager assumes no liability whatsoever for any acts or omissions of Master Lessee, or any previous owners or Master Lessees of the Property, or any previous management or other agent of either (other than Property Manager and affiliates of Property Manager). Property Manager assumes no liability for any failure of, or default by, any tenant in the payment of any rent or other charges due Master Lessee or in the performance of any obligations owed by any tenant to Master Lessee pursuant to any lease or otherwise. Except to the extent resulting from the gross negligence or willful act or omission of Property Manager, Property Manager assumes no liability for any violations of environmental or other regulations which may occur during the period this Agreement is in effect. Any such regulatory violations or hazards discovered by Property Manager shall be brought to the attention of Master Lessee in writing.

ARTICLE 4
FEES

4.1 Management Fee. As consideration for the performance by Property Manager of its service under this Agreement, Master Lessee agrees to pay to Property Manager for each month during the Term of this Agreement a monthly property management fee based on the Gross Receipts (as defined herein) for such month (the "Management Fee"). The Management Fee payable to Property Manager shall be equal to the amount of the Property Sub-Manager's Fee. The Property Sub-Manager shall be paid a market rate monthly fee based on the Gross Receipts for such month (the "Property Sub-Manager Fee"). Thus, all Management Fees shall be payable to Property Manager, from which the Property Manager shall be responsible to pay Property Sub-Manager the Property Sub-Manager Fee. The Property Sub-Manager Fee shall equal two and three-quarters percent (2.75%) of the monthly Gross Receipts.

The term "Gross Receipts" shall mean the entire amount of all receipts, determined on a cash basis, from (a) tenant rentals and other sums pursuant to tenant leases (excluding security deposits, except as provided below) and

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other amounts for rental of the Property, including garage income, parking fees and similar amounts, (b) income from the operation of the Property, including but not limited to (to the extent of the excess over the amounts paid by Master Lessee or Landlord to the applicable provider of the associated service), utility reimbursements, cable television, telephone, internet access, security monitoring, laundry and vending machines, (c) business interruption insurance proceeds, (d) any sums and charges in connection with termination of the tenant leases or settlement of rent claims, net of litigation or collection costs, and (e) application fees, cleaning fees, pet fees, administrative fees, and other similar miscellaneous income. Gross Receipts does not include the proceeds of (i) any sale, exchange, refinancing, condemnation, or other disposition of all or any part of the Property, (ii) any loans to Landlord, whether or not secured by all or any part of the Property, (iii) any capital contributions to Landlord, (iv) any insurance (other than business interruption insurance) maintained with regard to the Property, (v) security deposits (until applied to obligations that constitute Gross Receipts), (vi) interest income, (vii) any awards from suits not related to the collection of rent, (viii) rents paid more than thirty (30) days in advance of the due date until the month in which such payments are to be applied as rental income, (ix) any buy-out of all or a portion of the remaining term of a lease, or from any damage claims against a tenant for lost rent, which amounts shall be amortized over the remaining term of the Master Lease and included in Gross Receipts in equal monthly installments until the earlier of (A) occupancy of the Master Lessee's space under a new lease; or (B) expiration of the term of the Master Lease, (x) monies collected for capital items which are paid for by tenants, (xi) sales tax on rents, (xii) refunds, including tax abatements, (xiii) lump sum and/or reoccurring upfront payments paid by ancillary income providers (e.g. laundry, cable, antenna, etc.), or (xiv) revenue generated from contracts negotiated by Master Lessee or Landlord and managed by Property Manager or a third party. The Master Lessee hereby acknowledges that the Management Fee is fair and reasonable for the services to be performed by Property Manager under this Agreement.

4.2 Payment of Management Fee. Provided that Property Manager is not in default under this Agreement, Property Manager shall be entitled to pay itself the monthly Management Fee from the bank accounts referred to in Section 5.1 hereof.

4.3 Asset Management Fee. Provided that Property Manager is not in default under this Agreement, Property Manager shall be entitled to pay itself an asset management fee from the bank accounts referred to in Section 5.1 hereof (the "Asset Management Fee"). The annual Asset Management Fee will be equal to 0.20% of the original contract purchase price of $70,600,000.00 equal to $141,200, pro-rated for 2022, and paid monthly in arrears. The Asset Management Fee for 2022 and subsequent years will be paid on a pro rata basis, monthly in arrears, and if this Agreement terminates during any calendar year, shall be pro-rated for any such partial year. Property Manager may decide, in its sole discretion, to be paid an amount less than the total amount of the Asset Management Fee to which it is entitled under this Agreement, and any excess amount that is not paid may, in Property Manager's sole discretion, be deferred or accrued, without interest, to be paid at a later point in time. Any deferred and accrued Asset Management Fees shall be due and payable in full upon a disposition of the Property.

4.4 Additional Compensation. In addition to the compensation provided to the Property Manager in this Section 4, Property Manager shall be entitled to compensation for such specific additional services as may be agreed upon, including, without limitation, adjustment of fire claims, condemnation claims and construction services beyond the normal course of business.

ARTICLE 5
PROCEDURE FOR HANDLING RECEIPTS

5.1 Receipts and Disbursements. All monies received by Property Manager for or on behalf of Master Lessee in connection with the operation or management of the Property shall be promptly deposited by Property Manager in a bank account or accounts established by Property Manager (collectively, the "Operating Account"). Property Manager shall withdraw and pay from the Operating Account such amounts at such times as the same are required in connection with the management and operation of the Property in accordance with the provisions of this Agreement. All monies in the Operating Account are the property of Master Lessee, to be held by Property Manager in trust for Master Lessee in an account designated as "Agent for Master Lessee" and disbursed in accordance with this Agreement. A separate account for tenant security deposits shall be established if required by applicable law or Master Lessee.

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5.2 Authorized Signatories. Designated officers and representatives of Property Manager shall be authorized signatories on the Operating Account and shall have authority to make withdrawals from the Operating Account, subject to the terms of this Agreement. Property Manager shall maintain insurance under a policy acceptable to Master Lessee for employee errors, omissions, and fidelity coverage (covering, without limitation, losses due to theft or embezzlement) for not less than $1,000,000 per occurrence and crime coverage for not less than $1,000,000 per occurrence. Any changes in such insurance must be approved by Master Lessee.

ARTICLE 6
ACCOUNTING

6.1 Books and Records. Property Manager shall maintain on a modified cash basis at the corporate office of Property Manager, a comprehensive system of office records, books and accounts pertaining to the Property. On forty-eight (48) hours' prior written notice to Property Manager, all books and records relating to the Property shall be available for examination and copying by Master Lessee and its agents, accountants, and attorneys during regular business hours. Property Manager shall preserve all records, books and accounts for the period required by applicable law and at the end of such period shall deliver or make available to Master Lessee such records. All such records (including, without limitation, rent rolls and other revenue reports, accounts payable, financial statements, and related accounting records) shall, at all times, be the property of Master Lessee.

6.2 Periodic Statements; Audits.

6.2.1 Monthly Statements. On or before the twenty-fifth (25th) day of each calendar month, Property Manager shall deliver or cause to be delivered to Master Lessee (i) reports for the prior calendar month and for the fiscal year-to-date, and (ii) such other reports as Master Lessee may reasonably request.

6.2.2 Audit. In the event that Master Lessee requires an audit, it will be at Master Lessee's expense. The Property Manager shall reasonably cooperate with the auditors.

6.2.3 Other Statements. Master Lessee may request, and Property Manager shall provide, such weekly, monthly, quarterly and/or annual leasing and management reports that relate to the operations of the Property as Master Lessee may reasonably request in writing.

ARTICLE 7
INSURANCE

7.1 Insurance and Indemnities.

7.1.1 Coverages. Property Manager shall, at its own expense, procure and keep in effect during the term of this Agreement, Property and Casualty Insurance and general liability insurance with limits as required by the Master Lease, which insurance shall be primary in all instances. Master Lessee shall be included as a party to be given copies of all notices under the liability insurance policies. Master Lessee will be covered as an additional insured in the general liability insurance policies maintained with respect to the Property.

Property Manager will provide the Master Lessee with certificates of insurance or other satisfactory documentation, which evidence that the insurance required under this Agreement is in full force and effect at all times. All policies required under this Agreement must be endorsed to provide that thirty (30) days' advance notice of cancellation (ten (10) days' advance notice for non-payment of premium) or material change will be given to Master Lessee. All insurance required hereunder shall: (i) be written with companies acceptable to Master Lessee, which companies shall be licensed to do business in the state in which the Property is located, and (ii) include a clause providing that the insurer waives all rights of subrogation against Master Lessee with respect to losses payable under such policies.

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The Master Lessee shall furnish whatever information is reasonably requested by Property Manager for the purpose of establishing the placement of insurance coverages described herein and shall aid and cooperate in every reasonable way with respect to such insurance and any loss thereunder. Property Manager shall include in its hazard policy covering the Property, the personal property, fixtures, and equipment located thereon (whether owned by Property Manager or Master Lessee), appropriate clauses pursuant to which the insurance carriers shall waive the rights of subrogation with respect to losses payable under such policies.

7.1.2 Property Manager Indemnity. The Property Manager shall indemnify, defend (with counsel reasonably satisfactory to Master Lessee) and save Master Lessee and Landlord harmless from and against any and all claims arising from Property Manager's and its officers', directors', members', managers', shareholders', agents', contractors', representatives' (including Property Sub-Manager) or employees' intentional or willful acts or gross negligence in performing its responsibilities hereunder and from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred in the defense of any claim or any action or proceeding brought as a result of any such claim.

7.1.3 Master Lessee Indemnity. Property Manager agrees:

7.1.3.1 to notify Master Lessee within five (5) business days after Property Manager receives notice of any loss, damage, or injury occurring on or about the Property;

7.1.3.2 take no action (such as admission of liability) which bars Master Lessee from obtaining any protection afforded by any policy Master Lessee may hold; and

7.1.3.3 that Master Lessee shall have the exclusive right to conduct the defense to any claim, demand, or suit within limits prescribed by the policy or policies of insurance.

Provided Property Manager complies with the provisions of this Section 7.1.3, Master Lessee shall indemnify, defend and save Property Manager harmless from all loss, damage, cost, expense (including attorneys' fees), liability, or claims for personal injury or property damage incurred or occurring in, on, or about the Property, except for any losses brought about by the intentional or willful acts or gross negligence on the part of the Property Manager, its officers, directors, members, managers, shareholders, agents, contractors, representatives or employees.

Master Lessee does hereby agree to the fullest extent permitted by law, to indemnify, defend, and save Property Manager harmless from and against any injuries to person (including, without limitation, death) occurring at any time, any loss, damage, and expense to property (including, without limitation, loss of use thereof), and any claim, cost, penalty, fine, order of injunctive relief, expense or liability of any nature (including, without limitation, actual attorneys' fees, fees of environmental consultants and laboratory fees, and any other costs incurred in the investigation, defense and settlement of claims, and natural resource damages) caused by, arising out of, resulting from or occurring in connection with, wholly or in part, and whether in time prior to, after or on the date of this Agreement, the alleged exposure to or alleged presence, disposal, release, or threatened release of any Regulated Substance (as hereinafter defined) from, at or about the Property or attributable, in whole or in part, to Master Lessee's action or inaction or the action or inaction of Master Lessee's employees, agents, contractors, lessees, or invitees or trespassers (other than the Property Manager); and any condition caused by or which may be attributable to any Regulated Substance, other than those caused by the gross negligence or willful act or omission of Property Manager, its officers, directors, members, managers, shareholders, agents, contractors, representatives or employees.

The term Regulated Substance as used herein means (a) any substance, material, or waste that is regulated under any federal, state, or local statute, regulation, ordinance, guidance, or order pertaining to environmental protection or the protection of the public health, safety and/or welfare, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980,42 U.S.C. §§ 9601 et seq. the Solid Waste Disposal Act, 42 U.S.C. §§ 6901 et seq.; the Clean Air Act, 42 U.S.C. §§ 7401 et seq. the Federal Water Pollution Control Act, 33 U.S.C. §§ 125 1-1387; the Emergence Planning and Community Right-to-Know Act, 42 U.S.C. §§ 1101 et seq. the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq. the Federal Insecticide, Fungicide, and

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Rodenticide Act, 7 U.S.C. §§ l36-136y; and the Toxic Substances Control Act, 15 U.S.C. §§ 2601-2692; and such statute, regulation, ordinance, or order as now amended or hereafter may be amended; and (b) any substance whatsoever that may pose, now or hereafter, a threat of risk of harm to human health, the environment, or the soils, geologic materials, air, surface water, or groundwater, including, without limitation, the presence or release of radon, noxious or nuisance gases or particles, asbestos or asbestos-containing material, equipment or material containing or consisting of poly- or mono-chlorinated biphenyls, fiberglass, formaldehyde, urea formaldehyde foam, lead, petroleum and petroleum products, or natural gas or natural gas products.

7.2 Survival. The provisions of this Article 7 shall survive any cancellation, termination or expiration of this Agreement and shall remain in full force and effect until such time as the applicable statute of limitations shall have expired for all demands, claims, actions, damages, losses, liabilities, or expenses which are the subject of the provisions of this Article 7.

ARTICLE 8
DEFAULT; TERMINATION

8.1 Default. Upon the occurrence of any default under this Agreement by a party ("Defaulting Party"), and after giving notice of default and opportunity to cure as provided below, the non-defaulting party shall be entitled to terminate this Agreement immediately in addition to any remedy such party may have at law or in equity. A Defaulting Party shall be entitled to cure a monetary default within five (5) days after receipt of written notice of such default, or, in the case of a non-monetary default, within fifteen (15) days after such notice provided that the Defaulting Party proceeds to diligently cure such default upon receipt of such notice.

8.2 Bankruptcy, Insolvency.

8.2.1 If either party shall file a petition in bankruptcy or for a reorganization or arrangement or other relief under the United States Bankruptcy Code or any similar statute, or if any such proceeding shall be filed against either party and is not dismissed or vacated within sixty (60) days after its filing, or if a court having jurisdiction shall issue an order or decree appointing a receiver, custodian or liquidator for a substantial part of the property of either party which decree or order remains in force undischarged and un-stayed for a period of sixty (60) days, or if either party shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts as they become due, the other party may terminate this Agreement upon five (5) days' written notice.

8.2.2 Master Lessee and Property Manager have entered into this Agreement in reliance upon the unique knowledge, experience, and expertise of the other party and in reliance upon the duties of loyalty and confidentiality which each party hereby agrees to undertake. Except as otherwise expressly provided in this Agreement, neither party shall be required to accept performance under this Agreement from any person, including, without limitation, Master Lessee or Property Manager, as the case may be, should it become a debtor in possession under the United States Bankruptcy Code, or any trustee of either appointed under the United States Bankruptcy Code and any assignee of such party or trustee, other than the other party.

8.3 Disposition of the Property. Master Lessee may terminate this Agreement, immediately upon any disposition of the Property.

ARTICLE 9
SUBORDINATION TO MORTGAGES

9.1 Subordination. This Agreement and Property Manager's interest and rights hereunder, are and shall be subject and subordinate at all times to the lien of any mortgage, whether now existing or hereafter created on or against the Property, and all amendments, restatements, renewals, modifications, consolidations, re-financings, assignments and extensions thereof ("Security Documents") without the necessity of any further instrument or act on the part of the Property Manager. Property Manager agrees, at the election of the holder of any such Security Documents (the

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"Secured Party"), to attorn to the Secured Party. The term "mortgage" as used herein shall be deemed to include deeds of trust, security assignments and any other encumbrances, and any reference to the "holder" of a Security Document shall be deemed to include the beneficiary under a deed of trust. Notwithstanding the foregoing, nothing herein shall obligate the Property Manager to continue its performance under this Agreement unless it has been paid, and continues to be paid, in accordance with the terms of this Agreement.

9.2 Rights after Events of Default. Upon an Event of Default (as such term is defined in any Security Document), and provided that it continues to be paid in accordance with the terms of this Agreement, the Property Manager shall continue to perform its obligation under this Agreement until the earlier to occur of (a) the termination of this Agreement with respect to the Property or the termination of this Agreement in accordance with the terms hereof, or (b) the Secured Party's (or its assignee's or nominee's) acquisition of title to the Property through foreclosure, a deed-in-lieu thereof, or otherwise. On and after an Event of Default, there shall be no material changes in the terms and conditions of this Agreement without the prior written consent of the Secured Party.

ARTICLE 10
MISCELLANEOUS PROVISIONS

10.1 Notices. All notices, demands, requests or other communications which may be or are required to be given, served, or sent by either party to the other hereunder, shall be in writing and delivered personally or by recognized national courier service, return receipt requested or certified mail, return receipt requested, with postage prepaid, to the Property Manager, and to the Master Lessee, at the addresses set forth below with copies addressed as set forth below:

if to the Master Lessee, to:	BR 79 West Leaseco, LLC c/o Bluerock Real Estate, L.L.C. 1345 Avenue of the Americas, 32nd Floor, 32nd Floor, Suite B New York, NY 10105 Attn: R. Ramin Kamfar
if to the Property Manager, to:	Bluerock Property Management, LLC 27777 Franklin Drive, Suite 900 Southfield, Michigan 48034 Attn: Larry Salsameda

The parties may change the name and/or address provided above by written notice given as aforesaid. Notices shall be deemed effective upon receipt (with refusal of delivery being deemed a receipt). In emergency situations, the Property Manager shall endeavor to also fax notices to the addresses set forth above, but any such faxed notice shall not constitute an effective notice under this Agreement.

10.2 Severability. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

10.3 No Joint Venture or Partnership. Master Lessee and Property Manager hereby renounce the existence of any joint venture or partnership between them and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making Property Manager and Master Lessee joint venturers or partners. Property Manager acknowledges and agrees that Property Manager is engaged only as an independent contractor in the business of managing residential apartment projects.

10.4 Entire Agreement and Amendment. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. This Agreement may be amended or modified only by a written instrument executed by Property Manager and Master Lessee.

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10.5 Article and Section Headings. Article and Section headings contained in this Agreement are for reference only and shall not be deemed to have any substantive effect or to limit or define the provisions contained herein.

10.6 Successors and Assigns. This Agreement shall be binding on the parties hereto, and their successors and permitted assigns. Neither party may assign or otherwise transfer its interest hereunder without the prior written consent of the other party, which consent may be withheld in such party's sole discretion.

10.7 Attorneys' Fees. Should either party employ attorneys to enforce any of the provisions hereof, the party losing in any final judgment agrees to pay the prevailing party all reasonable costs, charges, and expenses, including attorneys' fees, expended, or incurred in connection therewith.

10.8 Governing Law. This Agreement shall be construed in accordance with the internal laws of the State where the Property is located.

10.9 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

10.10 Confidentiality. Property Manager shall maintain the confidentiality of all matters pertaining to this Agreement and all operations and transactions relating to the Property.

10.11 Time. Time is of the essence in the performance of this Agreement.

10.12 Corporate Authority of Property Manager. Property Manager represents and warrants that (a) Property Manager is a limited liability company duly organized and validly existing and is in good standing under the laws of the State of Michigan; and (b) Property Manager has full power, authority, and legal right to execute, deliver and perform this Agreement and to perform all of its obligations hereunder.

10.13 Corporate Authority of Master Lessee. Master Lessee represents and warrants that (a) Master Lessee is a limited liability company, duly organized and validly existing and is in good standing under the laws of the State of Delaware and (b) Master Lessee has full power, authority, and legal right to execute, deliver and perform this Agreement and to perform all of its obligations hereunder.

[*signature page follows*]

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IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the date first above written.

PROPERTY MANAGER:

BLUEROCK PROPERTY MANAGEMENT, LLC,
a Michigan limited liability company

By: Bluerock Real Estate, L.L.C.,
a Delaware limited liability company,
its Manager

By: _____
Name: Jordan Ruddy
Title: Authorized Signatory

MASTER LESSEE:

BR 79 WEST LEASECO, LLC,
a Delaware limited liability company

By: BR 79 West Leaseco Manager, LLC,
a Delaware limited liability company,
its Manager

By: _____
Name: Michael Konig
Title: Authorized Signatory

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EXHIBIT D
TAX OPINION

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* Associated Firm
** In cooperation with Trench, Rossi e Watanabe Advogados

January 13, 2022

BR 79 West, DST
c/o Bluerock Real Estate, L.L.C.
1345 Avenue of the Americas, 32nd Floor
New York, NY 10105

RE: BR 79 West, DST

Ladies and Gentlemen:

Bluerock Real Estate, L.L.C., a Delaware limited liability company (the "Company"), Bluerock Value Exchange, LLC, a Delaware limited liability company and an affiliate of the Company (the "Sponsor"), and BR 79 West, DST (the "Trust") have retained Baker & McKenzie LLP as special tax counsel to address certain federal income tax consequences and render opinions on specific federal income tax issues in connection with the proposed transactions described in the Confidential Offering Memorandum for Interests in the Trust (the "Memorandum"). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined have the meanings set forth in the Memorandum.

In formulating our opinion, we have reviewed the following documents: (i) the Memorandum; (ii) the Amended and Restated Trust Agreement (the "Trust Agreement"); (iii) the form Limited Liability Company Agreement; (iv) the Master Lease (the "Lease"); (v) the form Investor Questionnaire & Purchase Agreement; (vi) the Loan Documents; and (vii) the documents related to the Bridge Financing (collectively, the "Transaction Documents"). We have also assumed that the representations set forth in the letter addressed to us and signed on behalf of the Company on January 13, 2022 (the "Representation Letter"), are true, complete and correct in all respects as of the date hereof.

Based on our review of the Transaction Documents and the Representation Letter, it is our opinion that (i) the Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c)[1] that is classified as a "trust" under Treasury Regulation Section 301.7701-4(a), (ii) the Beneficial Owners should be treated as "grantors" of the Trust, (iii) as "grantors" of the Trust, the Beneficial Owners should be treated as owning an undivided fractional interest in the Property for federal income tax purposes, (iv) the Interests should not be treated as securities for purposes of Code Section 1031, (v) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Code Section 1031, (vi) the Lease should be treated as a true lease and not a financing for federal income tax purposes, (vii) the Lease should be treated as a true lease and not a deemed partnership for federal income tax purposes, (viii) the discussions of the federal income tax consequences contained in the Memorandum are correct in all material respects, and (ix) certain judicially created doctrines should not apply to change the foregoing

[1] All section references provided for herein refer to the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder.

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conclusions.

Our opinion does not address, and should not be viewed as expressing any opinion concerning, whether the acquisition of an Interest will, in light of the facts and circumstances applicable to a specific Purchaser, constitute the acquisition of like-kind replacement property by any Purchaser in a transaction that qualifies for nonrecognition of gain or loss under Section 1031.

DISCUSSION

Section 1031(a)(1) provides that "[n]o gain or loss shall be recognized on the exchange of real property held for productive use in a trade or business or for investment if such real property is exchanged solely for real property of like kind which is to be held either for productive use in a trade or business or for investment." Nonrecognition treatment does not apply, however, if the interests in the property being exchanged are, *inter alia*, regarded as interests in a partnership, securities, or certificates of trust or beneficial interests.[2] Section 1031 does not expressly address the treatment of interests in a Delaware Statutory Trust ("DST").

The Internal Revenue Service (the "IRS") concluded in Revenue Ruling 2004-86[3] that, under the limited circumstances set forth therein, beneficial owners of a DST that in turn owns real estate will be treated as owning a direct interest in such real estate for purposes of the nonrecognition provisions of Section 1031. In order to reach this conclusion, the IRS determined that (i) the DST described therein will be treated as an investment trust under Treasury Regulation Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation Section 301.7701-4(a), and (ii) the beneficial owners of the DST are "grantors" and, as such, are treated as owning direct interests in the DST's property for federal income tax purposes. We believe that the tax treatment of the Trust and the Beneficial Owners (and the Interests that are the subject of the Offering) should be the same as the DST and its beneficial owners were treated in Revenue Ruling 2004-86 for federal income tax purposes.

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[2] Code § 1031(a)(2)(C), (D), (E) (1984). On December 22, 2017, the Tax Cuts and Jobs Act (the "TCJA") was signed into law and significantly modified Section 1031 by limiting it to exchanges of real property not held primarily for sale. For exchanges completed after December 31, 2017, exchanges of personal property and intangible property do not qualify for a Section 1031 Exchange. Additionally, the TCJA eliminated specific language providing that exchanges of certain types of property (stock in trade or other property held primarily for sale, stocks, bonds, or notes, other securities, or evidences of indebtedness or interest; interests in a partnership; certificates of trust or beneficial interest, or choses in action) are excluded from Section 1031. Although the specific language providing for the exclusion of interests in a partnership, securities, or certificates of trust or beneficial interests has been eliminated from the statute, an analysis of these terms remains relevant to the analysis and conclusion set forth herein that the Beneficial Owners should be treated as owning real property for federal income tax purposes.

[3] 2004-2 C.B. 191.

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I. The Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation Section 301.7701-4(a).

The Trust should be classified as a "trust" under Treasury Regulation Section 301.7701-4(a) because it (i) should be recognized as an entity separate from the Beneficial Owners for federal income tax purposes, and (ii) should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c).

A. The Trust should be recognized as an entity separate from the Beneficial Owners for federal income tax purposes.

Whether an organization is an entity separate from its owners for federal income tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law.[4] Thus, an entity formed under local law is not always recognized as a separate entity for federal income tax purposes.[5] When participants in a venture form a state-law entity and avail themselves of the benefits of that entity for a valid business purpose, however, the entity generally will be recognized for federal income tax purposes.[6]

An entity formed under state law that acts as a mere agent of its owners will not be treated as an entity separate from its owners for federal income tax purposes. In *Commissioner v. Bollinger*,[7] a corporation was treated as an agent of its owners where the corporation functioned merely as the nominal debtor and record title holder to mortgaged property. The shareholders entered into an agreement providing that (i) the corporation would hold title to the property as the shareholders' nominee and agent solely to secure financing, (ii) the shareholders had sole control and responsibility for the mortgaged property, and (iii) the shareholders were the principals and owners of the property during its financing, construction, and operation. The Supreme Court held that the shareholders, rather than the corporation, were the owners of the property because the relationship between the shareholders and the corporation was, in both form and substance, an agency with the shareholders as principals.

Similarly, the IRS concluded in Revenue Ruling 92-105[8] that an Illinois land trust was not to be treated as an entity separate from its owner for federal income tax purposes. A single taxpayer created an Illinois land trust and named a domestic corporation as trustee. The taxpayer transferred legal and equitable title to real property to the trust, subject to the provisions of an accompanying land trust agreement. Under the agreement, the taxpayer (i) retained exclusive control of the management, operation, rental, and sale of the real property, together with an exclusive right to the earnings and proceeds from the real property, and (ii) was required to file all tax returns, pay all taxes, and satisfy any other

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4 Treas. Reg. § 301.7701-1(a)(1).
5 Treas. Reg. § 301.7701-1(a)(3).
6 *See Moline Properties, Inc. v. Commissioner*, 319 U.S. 436 (1943).
7 485 U.S. 340 (1988).
8 1992-2 C.B. 204.

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liabilities with respect to the real property. Under Illinois law, there is no limitation on liability of a beneficiary of an Illinois land trust. Because the trustee's only responsibility was to hold and transfer title to the property at the direction of the beneficiary, and because the beneficiary retained the direct obligation to pay liabilities and taxes related to the property, the right to manage and control the property, as well as any liability with respect to the property, the IRS concluded that the Illinois land trust could not rise to the level of an "entity" separate from the beneficial owner for federal income tax purposes.

In contrast, the IRS concluded in Revenue Ruling 2004-86[9] that the DST described therein was an entity that should be recognized as separate from its owners for federal income tax purposes. The IRS did so by looking to the powers, limitations and benefits that Delaware law accords to a DST and its beneficial owners. Under Delaware law, creditors of a beneficial owner in a DST may not assert claims directly against the property held by a DST; they can seek payment only from the beneficial owner herself. The property of a DST is subject to attachment and execution with respect to liabilities of the DST as if the DST were a corporation. A DST may sue or be sued. The beneficial owners of a DST are entitled to the same limitation on personal liability stemming from actions of a DST that is extended to stockholders of a corporation organized under Delaware law. A DST may merge or consolidate with or into one or more statutory entities or other business entities. Lastly, a DST can be formed for investment purposes. These powers and privileges afforded to a DST and the beneficial owners thereof, as well as the purpose of a DST, led the IRS to conclude that a DST is an entity separate from its owners for federal income tax purposes.[10]

Based on the authorities discussed above, the Trust should be recognized as an entity separate from the Beneficial Owners. The Trust should not be viewed merely as an agent of the Beneficial Owners because, unlike the trusts in *Bollinger* and Revenue Ruling 92-105, the Beneficial Owners have no right or power to direct in any manner the Trust or the Manager in connection with the operation of the Trust or the actions of the Trustee or the Manager.[11] Specifically, the Beneficial Owners have no right or power to (i) contribute additional assets to the Trust (other than the initial contribution of cash in exchange for Interests), (ii) be involved in any manner in the operation or management of the Trust or its assets, (iii) cause the Trust to negotiate or renegotiate leases or loans, or (iv) cause the Trust to sell its assets and reinvest the proceeds of such sale.[12] Additionally, the Trust Agreement requires the Manager to cause the Trust to (i) not commingle the Trust's funds or assets with any other person, unless such funds or assets can easily be segregated and identified in the ordinary course of business from those of any other person, (ii) not own or lease any real property, personal property, or assets other than the Trust Estate, (iii) not own, operate, or participate in any business other than the leasing, ownership, management, operation, and maintenance of the Trust Estate, (iv) maintain its financial statements, accounting records, and other partnership, real estate investment trust, limited liability company, or corporate documents, as the case may be, separate from those of any other person (unless the Trust's assets have been included in a consolidated financial statement

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9 2004-2 C.B. 191.

10 *Id*. (citing to Del. Code Ann. Title 12, §§ 3801-3824).

11 *See* the Trust Agreement at §6.13.

12 *Id*.

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prepared in accordance with generally accepted accounting principles), (v) not enter into, and not be a party to, any transaction with any affiliate except in the ordinary course of business and on terms which are no more favorable to any such affiliate than would be obtained in a comparable arm's length transaction with an unrelated third party, (vi) not have any material financial obligation secured by an agreement other than what is permitted under the Trust Agreement, (vii) be adequately capitalized in light of its contemplated business operations, (viii) not assume, guarantee, or pledge its assets to secure the liabilities of any other Person (except in connection with the Loan), and (ix) not make loans or advances to any other Person.[13]

These requirements and prohibitions evidence an intent that the Trust be engaged in activities on its own behalf rather than as an agent of the Beneficial Owners. Lastly, because the Trust is organized as a DST, the Beneficial Owners may avail themselves only of the limited powers and privileges afforded to a beneficial owner under Delaware law. Thus, the Trust (as a DST) and the Beneficial Owners have substantially all of the same powers, limitations, and benefits as the trust that the IRS found to constitute an entity separate from its owners for federal income tax purposes in Revenue Ruling 2004-86. Accordingly, the Trust should be recognized for federal income tax purposes as an entity separate from the Beneficial Owners.

B. The Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c).

A trust arrangement generally will be classified as a "trust" rather than another form of business entity for federal income tax purposes if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of a business for profit.[14] A trust with a single class of ownership interests that provides no power to vary the investments of the trust is classified as an investment trust that is treated as a "trust" for federal income tax purposes.[15] A trust with multiple classes of ownership interests that otherwise meets the description of an investment trust also will be classified as a "trust" for federal income tax purposes if the existence of multiple classes of ownership interests is incidental to the purpose of facilitating the direct investment in the trust's assets.[16] As discussed in greater detail below, the Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c).

1. No power exists under the Trust Agreement for the Trustee or Manager to vary the investments of the Trust.

The courts and the IRS have considered the extent to which the powers granted under a

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13 *See* the Trust Agreement at §3.2(b).
14 Treas. Reg. § 301.7701-4(a).
15 Treas. Reg. § 301.7701-4(c)(1).
16 *Id*.

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trust arrangement exceed those required simply to protect and conserve property for the benefit of the beneficiaries. Two opinions issued by the Second Circuit on the same day generally are viewed as the leading judicial guidance on the distinction between a trust arrangement that meets the description of an investment trust and a trust arrangement granting the power to vary the investments held therein. Additionally, the IRS has issued several revenue rulings, the most relevant being Revenue Ruling 2004-86, that distinguish the limited arrangements that would constitute an investment trust from a broader grant of powers that prohibits classification as a "trust." In all material respects, we believe that the powers granted to the Trustee and Manager in the Trust Agreement are consistent with the limited scope of powers applicable to an investment trust described in Treasury Regulation Section 301.7701-4(c).

a. Authorities.

(i) Case Law.

In *Commissioner v. Chase National Bank*,[17] the court addressed whether a state-law trust arrangement should be classified as a "trust" for federal income tax purposes. In that case, the depositor purchased shares of the common stock of several corporations and made up "units" consisting of a number of shares of the common stock of each corporation. The "units" were deposited in a trust, and then certificates in the trust were sold to investors. The trustee was vested with all of the rights of ownership of the shares except that the depositor controlled the voting rights of the shares and the trust instrument governed and restricted the disposal of the shares. Under the terms of the trust instrument, property deposited into the trust was held until some disposition of it was made consistent with the terms of the trust instrument. Further, distributions of currently available funds were required. No purchases were to be made by the trustee by way of reinvestment of funds or otherwise. The Second Circuit found that the trust instrument "prevented the trusts from being, or becoming, more than what are sometimes called strict investment trusts." The court concluded that the trust required "that the trust property was to be held for investment and not to be used as capital in the transaction of business for profit like a corporation organized for such a purpose. This distinction is what makes the difference tax-wise."[18]

In another opinion released on the same day as *Chase National Bank*, the Second Circuit reached a different result. In *Commissioner v. North American Bond Trust*,[19] the court recognized that, although the trust arrangement in the instant case was similar to the trust in *Chase National Bank*, the trust instrument in the instant case was slightly different because it provided the depositor with the power "in effect to change the investment of certificate holders at his discretion."[20] In making up new units, the depositor was not confined to the same bonds he had selected for the previous units. Additionally, the bonds of all units constituted a single pool in which each certificate holder shared according to his proportion of all the certificates issued. As a result, the money from new investors

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17 122 F. 2d 540 (2d Cir. 1941).
18 *Id*. at 543.
19 122 F.2d 545 (2d Cir. 1941), *cert. denied*, 314 U.S. 701 (1942).
20 *Id*. at 546.

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could be used to purchase new bond issues that would in turn reduce the existing certificate holders' interests in the old bond issues. The depositor thus could take advantage of market variations in a manner that could improve the investment of the original investors through dilution of the original investment. Based on these facts, the court held that the depositor "had power, though a limited power, to vary the existing investments of all certificate holders at will…" and, accordingly, that the trust was treated as taxable as an association rather than as a fixed investment trust.[21]

(ii) Revenue Ruling 2004-86.

The analyses and conclusions of the IRS in Revenue Ruling 2004-86 are consistent with the Second Circuit's holdings in the cases discussed above. Revenue Ruling 2004-86 considered the situation in which an individual (John) borrowed money from an unrelated lender (Bank) and signed a 10-year, interest-bearing nonrecourse note. John then used the proceeds of the loan to purchase rental real property, Blackacre, which was the sole collateral for the loan from the Bank. Immediately thereafter, John "net" leased the property to Mary for a term of 10 years.[22] Under the terms of the lease, Mary was required to pay all taxes, assessments, fees or other charges imposed on Blackacre by federal, state or local authorities. In addition, Mary was required to pay all insurance, maintenance, ordinary repairs and utilities relating to Blackacre. Mary was free to sublease Blackacre to anyone she chose.

The rent paid by Mary to John was a fixed amount that could be adjusted by a formula described in the lease agreement that was based upon a fixed rate or an objective index, such as an escalator clause based upon the Consumer Price Index, but adjustment to the rate or index was not within the control of any of the parties to the lease. The rent paid by Mary was not contingent upon Mary's ability to lease the property or on her gross sales or net profits derived from Blackacre.[23]

On the same date that John acquired Blackacre and leased it to Mary, John also formed a trust under Delaware law to which he contributed fee title to Blackacre after entering into the loan with the Bank and the lease with Mary. Upon contribution, the trust assumed John's rights and obligations under the loan from the Bank as well as under the lease with Mary. In accordance with the nonrecourse nature of the note, neither the trust nor any of its beneficial owners were personally liable to the Bank for the loan, which continued to be secured by Blackacre. The trust agreement provided that interests in the trust were freely transferable; however, interests in the trust were not publicly traded on an established securities market. The trust would terminate on the earlier of 10 years from the date of its

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21 *Id*.

22 The ruling does not indicate whether John is related to Mary, but given that the ruling states that Mary is not related to persons described in the ruling other than John, it can be assumed that she is related to him.

23 Although the lease from John to Mary is described in Revenue Ruling 2004-86 as a "net" lease, it is not clear whether the lessor or the lessee would be required to make capital improvements or major repairs to the property. Thus, the lease might be "double net," in which the lessor remains liable for certain capital improvements and repairs (such as repairs to the roof) instead of a "triple net" lease in which the lessee is responsible for the property in all events.

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creation or the disposition of Blackacre, but would not terminate on the bankruptcy, death or incapacity of any owner, or the transfer of any right, title or interest of the beneficial owners, of the trust.

The trust agreement authorized the trustee to engage in only those activities central to the collection, investment, and distribution of income arising from Blackacre. The trust agreement authorized the trustee to use trust funds to establish a reasonable reserve to pay expenses incurred in connection with holding Blackacre. The trustee was required to distribute on a quarterly basis all available cash less such reserves to each beneficial owner in proportion to their respective interests in the trust. The trustee was required to invest cash received from Blackacre between each quarterly distribution and all cash reserves in short-term obligations, i.e., maturing prior to the next quarterly distribution date, of (or guaranteed by) the United States or any agency or instrumentality thereof, and in certificates of deposit of any bank or trust company having a minimum stated surplus and capital. The trustee was required to hold such obligations until maturity. In addition to the right to a quarterly distribution of cash, each beneficial owner had the right to an in-kind distribution of its proportionate share of the property of the trust.

The trust agreement prohibited the trustee from engaging in activities beyond the scope of the collection, investment, and distribution of income arising from Blackacre. The trustee could not exchange Blackacre for other property, purchase assets other than the short-term investments described above or accept additional contributions of assets (including money) for the trust from the beneficiaries. The trustee could not renegotiate the terms of the debt used to acquire Blackacre and could not renegotiate the lease with Mary or enter into leases with tenants other than Mary, except in the case of Mary's bankruptcy or insolvency.[24] In addition, the trustee could make only minor non-structural modifications to Blackacre, unless otherwise required by law. The trust agreement further provided that the trustee could engage in ministerial activities to the extent required to maintain and operate the trust under local law. In addition, the trustee could not enter into a written agreement with John or indicate to third parties that the trustee (or the trust) is his agent.

Immediately after John contributed his interest in Blackacre to the trust, he conveyed his entire interest in the trust to Dan and Michelle in exchange for interests in Whiteacre and Greenacre, respectively. Dan and Michelle were not related to the Bank or Mary (the lessee of Blackacre), and neither the trustee nor the trust was an agent of Dan or Michelle. Dan and Michelle desired to treat their acquired interests in the trust as replacement property pursuant to a Section 1031 like-kind exchange for their relinquished properties, Whiteacre and Greenacre, respectively.

Neither the trust, nor the trustee entered into a written agreement with John, Dan, or

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[24] Revenue Ruling 2004-86, in its statement of facts, expressly provides that "[t]he trustee may not renegotiate the terms of the debt used to acquire [the Property] and may not renegotiate the lease with [the Master Tenant] or enter into leases with tenants other than [the Master Tenant], except in the case of [the Master Tenant's] bankruptcy or insolvency." We believe the correct interpretation of this provision is that the exception applies to renegotiating the financing as well as new leases.

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Michelle creating an agency relationship and in dealings with third parties, neither the trust nor the trustee represented itself as an agent of John, Dan, or Michelle.

To determine whether the trust arrangement qualified as an investment trust classified as a "trust" for federal income tax purposes, the IRS examined whether the trust agreement granted the power to vary the investment of the trust's beneficial interest holders. Because the duration of the trust was the same as the duration of the loan and the lease that were assumed by the trust at the time of its formation, the financing and leasing arrangements of the trust and its assets (Blackacre) were fixed for the entire life of the trust. Furthermore, the trustee was permitted to invest only in short-term obligations that mature prior to the next quarterly distribution date and was required to hold these obligations until maturity. Because the trust agreement required that (i) any cash from Blackacre, and any cash earned on short-term obligations held by the trust between distribution dates, be distributed quarterly, (ii) no cash could be contributed to the trust by the beneficiaries, (iii) the trust could not borrow any additional money, and (iv) the disposition of Blackacre would result in the termination of the trust, the IRS concluded that there was no possibility of the reinvestment of money under the trust agreement.

In the Revenue Ruling's analysis, the IRS emphasized that the trustee's activities were limited to the collection and distribution of income. The trustee could not exchange Blackacre for other property, purchase assets other than short-term investments, or accept any additional contributions of assets (including money) for the trust. The trustee could not renegotiate the terms of the debt used to acquire Blackacre and could not renegotiate the lease with Mary or enter into leases with tenants other than Mary, except in the case of her bankruptcy or insolvency. In addition, the trustee could make only minor non-structural modifications to its property except to the extent required by law. The IRS observed that the trustee had none of the powers that would indicate intent to carry on a profit-making business. Accordingly, the IRS concluded that the trustee had no power to vary the investment of the beneficiaries of the trust, which is consistent with the description of an investment trust classified as a "trust" for federal income tax purposes.

The IRS expressly warned in Revenue Ruling 2004-86 that the trust arrangement would not have qualified as an investment trust, and therefore would not have been classified as a "trust," if the trustee had been given the power to do one or more of the following:

- dispose of Blackacre and acquire new property;
- renegotiate the lease with Mary;
- enter into leases with a tenant other than Mary (except in the case of Mary's bankruptcy or insolvency);
- renegotiate the obligation used to purchase Blackacre (except in the case of Mary's bankruptcy or insolvency);
- receive capital contributions from the investors;
- invest cash received to profit from market fluctuations; or
- make more than minor non-structural modifications to Blackacre that were not required by law.

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Thus, it is not sufficient that the trustee never takes any of the actions described above – the trustee must lack the power to undertake those actions. This aspect of Revenue Ruling 2004-86 is consistent with the case law in which a trust is classified in accordance with the powers that the trustee has under the trust agreement without regard to what actions, if any, the trustee has performed other than to conserve and protect the property of the trust.

(iii) Other Revenue Rulings.

The IRS also addressed the classification of trust arrangements in several other revenue rulings. Revenue Ruling 75-192[25] involved a trust agreement that required the trustee to invest cash on hand between quarterly distribution dates only in specified short-term obligations maturing prior to the next distribution date and required to hold such obligations until maturity. The IRS concluded that, because the restrictions on the types of permitted investments limited the trustee to a fixed return similar to that earned on a bank account and eliminated any opportunity to profit from market fluctuations, the power to invest in such assets was not a power to vary the trust's investments.

Similarly, the IRS classified the trust arrangement described in Revenue Ruling 79-77,[26] which was formed to hold real property, as a "trust" for federal income tax purposes. The beneficiaries were required to approve all agreements entered into by the trustee and they were personally liable for the debts of the trust. The beneficiaries directed the trustee to enter into a 20-year lease that required the tenant to pay all taxes, assessments, fees, or other charges imposed on the property by federal, state, or local authorities. In addition, the tenant paid all insurance, maintenance, repairs, and utilities relating to the property. The trustee could determine whether to allow the tenant to make minor nonstructural alterations to the real estate, but only if the alterations would protect and conserve the property or were required by law. The trustee was empowered to institute legal or equitable actions to enforce any provisions of the lease.

The trust would terminate on the sale of substantially all of its assets or upon unanimous agreement of the beneficiaries. Based upon the above, the IRS classified the trust arrangement described in Revenue Ruling 79-77 as a "trust" for federal income tax purposes.

In contrast, the IRS concluded that the trust arrangement described in Revenue Ruling 78-371[27] was classified as a business entity rather than a "trust." Unlike the trust arrangement described in Revenue Ruling 79-77 that restricted the trustee to dealing with a single piece of property subject to a net lease, the trust arrangement in Revenue Ruling 78-371 expressly authorized the trustees to purchase and sell contiguous or adjacent real estate, to accept or reject certain contributions of contiguous or adjacent real estate, and to raze or erect any building or other structure or make any improvements to the land contributed to the trust. The trustees were also empowered to borrow money and to mortgage and lease the trust property. The IRS concluded in Revenue Ruling 78-371 that the trustee's power to engage

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25 1975-1 C.B. 384.
26 1979-1 C.B. 448.
27 1978-2 C.B. 344.

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in extensive real estate operations and to reinvest the sales proceeds in financial products indicated that the trust arrangement was not formed merely to protect and conserve the trust's property and, thus, ruled that the trust was taxable as a business entity treated as a corporation.

The existence of a power to sell trust assets does not always give rise to a power to vary the trust's investments.[28] The courts and the IRS have concluded that even though a trustee may possess the power to sell trust assets under certain limited circumstances, such a trust arrangement can still qualify as an investment trust classified for federal income tax purposes as a "trust."[29] These authorities have clarified that, instead of the mere power to sell trust assets, it is the ability of the trustee to substitute new investments in order to take advantage of variations in the market that prohibit a trust arrangement from being treated as an investment trust classified as a "trust" for federal income tax purposes.

b. The Trust Agreement.

The powers and authority granted to the Trustee, Manager, Beneficial Owners, and the Trust in the Trust Agreement fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." From and after the issuance of the Conversion Notice (as defined in the Trust Agreement), the Trust Agreement authorizes the Manager to (a) receive the contribution of the Purchase Contract, acquire the Property, and enter into the Lease and the Loan, (b) comply with the terms of the Loan Documents, (c) collect rent and make distributions thereof, (d) enter into any agreements for purposes of completing tax-free exchanges of real property with a qualified intermediary pursuant to Section 1031, (e) notify the relevant parties of any defaults under the Transaction Documents (as defined in the Trust Agreement), and (f) solely to the extent necessitated by the bankruptcy or insolvency of a tenant, enter into a new lease with respect to the Property, or renegotiate or refinance any debt (including, without limitation, the Loan) secured by the Property.[30]

Additionally, the Trust Agreement expressly denies the Manager any power or authority, from and after the issuance of the Conversion Notice, to take an action that would cause the Trust to cease to be an investment trust described in Treasury Regulation Section 301.7701-4(c).[31] Moreover, the Trust agreement expressly denies the Trustee, the Manager, the Beneficial Owners and/or the Trust any power and authority to take any other action which would cause the Trust to be treated as a business entity for federal income tax purposes 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 Regulations

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28 *Id*.

29 *See Comm'r v. North American Bond Trust*, 122 F.2d 545 (2d Cir. 1941), cert denied 314 U.S. 701 (1941); Pennsylvania *Co. for Insurances on Lives and Granting Annuities v. United States*, 146 F.2d 392 (3d Cir. 1944); *see also* Rev. Rul. 78-149, 1978-1 C.B. 448; Rev. Rul. 73-460, 1973-2 C.B. 425.

30 *See* the Trust Agreement at §5.3(b).

31 *Id*.

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Section 301.7701-4(c)(1) and Revenue Ruling 2004-86.[32] Furthermore, the Trust Agreement provides that none of the Trustee, the Manager, the Beneficial Owners, and the Trust shall have any power or authority to undertake any actions that are not permitted to be undertaken by an entity that is treated as a "trust" within the meaning of Regulations Section 301.7701-4 and not treated as a "business entity" within the meaning of Regulations Section 301.7701-3.[33] Finally, as noted above, the Beneficial Owners generally have no right or power to make decisions for or to operate or manage the Trust.[34]

We believe that the material provisions of the Trust Agreement that are not included in the trust arrangement described in Revenue Ruling 2004-86 are consistent with treating the Trust as an investment trust. These provisions include, but are not limited to: (i) the power to sell the Trust's corpus; and (ii) the potential termination of the Trust through any event that would cause a Transfer Distribution.

The power granted under the Trust Agreement to sell the Property should not be viewed as a power to vary the Trust's investments. Immediately after a sale of the Property, the sales proceeds must be distributed to the Beneficial Owners and the Trust will terminate.[35] Neither the Trustee nor the Manager has the power to purchase replacement investments with the proceeds from the sale of the Property.[36]

The sale of the Property under these circumstances is consistent with the objective of achieving an investment return on the assets comprising the initial trust estate when the Beneficial Owners acquired their interests therein. Because the sales proceeds cannot be reinvested by the Trustee or the Manager, the Trust Agreement does not confer the power to "better" the investments in the Trust by taking advantage of market variations. The assets that can be held by the Trust are restricted to the Property, and the cash reserves that accumulate between monthly distributions.[37] All cash reserves will be invested only in the types of debt instruments expressly permitted under Revenue Ruling 2004-86.[38] Accordingly, providing the Manager with the discretion concerning the timing and amount of the sale of the Property should not prevent the Trust from being treated as an investment trust that is classified as a "trust" for federal income tax purposes.

Although no direct authority exists regarding the use of a Transfer Distribution in connection with a fixed investment trust, we believe the Transfer Distribution as used in the Trust Agreement is consistent with treating the Trust as a fixed investment trust for federal income tax purposes. We believe that the events that would cause a Transfer Distribution are not in any way expected or viewed as likely to occur, which supports the passive and fixed nature of the Trust. In addition, the Trust Agreement also grants the

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32 *Id*. at §3.3(c)(7).
33 *Id*. at §3.3(c).
34 *Id*. at §6.13.
35 *Id*. at §§9.1 & 9.3.
36 *Id*. at §§3.3(c)(2) & 9.1.
37 *See* the Trust Agreement at §§3.2(b)(1), 3.3(c)(6) & 7.2.
38 *Id*. at §7.2.

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Class 1 Beneficial Owners a right of first refusal upon the receipt of a bona fide Third-Party Offer (as defined in the Trust Agreement).[39] As discussed in further detail in Part VII hereof, we believe that this right of first refusal is not inconsistent with the Trust's classification as a fixed investment trust because such right is indicative of a co-ownership arrangement, as opposed to joint operation of a business entity. Moreover, the Trust has represented that no Transfer Distribution is currently intended or anticipated and that to the knowledge of the Depositor, Trust and Manager an event which would cause a Transfer Distribution with respect to any of the assets of the Trust is not expected and that it is the belief of the Depositor, Trust and Manager that the occurrence of such an event would be unanticipated.

Although distinctions exist between the Trust Agreement and the trust arrangement described in Revenue Ruling 2004-86, we believe these distinctions are not material. These distinctions include, but are not limited to: (i) the ongoing role of the Company or its Affiliate as Manager; (ii) the Trust's potential acceptance of multiple contributions over time, rather than through a single contribution; (iii) the conversion of the Trust for tax purposes from a disregarded entity into an investment trust prior to the admission of purchasers; and (iv) the affiliate of the Sponsor and its principal have executed certain limited guaranties with respect to the Loan. We believe that, like the material provisions discussed above, these provisions are consistent with, rather than contrary to, the analysis in Revenue Ruling 2004-86 for the reasons set forth below.

First, the Company (or its Affiliate's) ongoing role as Manager should not be viewed as inconsistent with the analysis in Revenue Ruling 2004-86 or the case law because the Manager's powers are limited to those permitted to be exercised by a trustee of a fixed investment trust.

Second, the Trust's acceptance of multiple contributions over time should not be viewed as raising additional capital (which is prohibited under Revenue Ruling 2004-86) because the capital of the Trust is not increasing. Both the term and the amount of the Offering were established at the time the Trust Agreement was made. Additionally, the proceeds of the additional closings must be distributed to the Company. Further, the fact that 100% of the Interests may be sold in multiple closings rather than in a single closing is driven by practical considerations, and does not provide a basis for distinguishing a trust from a partnership. In addition, because the terms of the Offering are fixed, the additional contributions do not enable the Trust to benefit from market fluctuations over time.

Third, prior to conversion, the Trust is not recognized as an entity separate from the Company (or its Affiliate) for federal income tax purposes.[40] Accordingly, the conversion feature of the Trust from a disregarded entity to a fixed investment trust should be viewed on its own as a mere formation of the Trust as a fixed investment trust in a manner that is not inconsistent with the analysis under Revenue Ruling 2004-86.

Fourth, we have considered the fact that an affiliate of the Sponsor and its principal have

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39 *Id*. at §6.4(b).

40 *See* the Trust Agreement at §3.3(a).

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executed certain limited guaranties with respect to the Loan. Under the limited guaranty, they will be responsible for liabilities, costs, expenses, claims, losses or damages incurred by the Lender as a result of certain customary non-recourse carveout events and springing recourse liabilities with respect to the Loan. The occurrence or non-occurrence of these events will largely be solely within their (and their affiliates') control. Since these limited guaranties otherwise generally impose liability only for actions which are within the control of the owners of the guarantors, it should not constitute and impermissible guaranty of the Loan for these purposes. Nor should these guaranties be viewed as an obligation of the Sponsor, the Company or the guarantors to contribute additional capital to the Trust. Accordingly, we do not view the existence of such limited guaranty as inconsistent with Revenue Ruling 2004-86.

Because none of these provisions permit the Trustee or Manager to vary the investments of the Trust in a manner that results in the Beneficial Owners improving their investment results based on variations in the market, we believe they are consistent with treating the Trust as a fixed investment trust.

c. The Lease.

Under the terms of the Lease, the Master Tenant has the right, at the Master Tenant's cost and expense, to make structural and non-structural alterations to the Property, provided that Master Tenant shall provide the Trust thirty (30) days' advance written notice of any such alteration or addition that constitutes more than minor non-structural modifications to the Property.[41] However, unlike the Master Tenant, at any time that the Trust is a DST, the Trust shall not have the right, power or ability to make more than minor non-structural modifications to the Property.[42] Under Revenue Ruling 2004-86, the trustee is prohibited from making more than minor non-structural modifications to the property. We believe, however, that the alteration rights provided to the Master Tenant under the Lease should not be attributed to the Trustee or Manager and, therefore, are not inconsistent with treating the Trust as an investment trust for federal income tax purposes. The terms of the Lease do not provide the Trustee or Manager with the unfettered power to make structural modifications to the Property; such alteration rights are held solely by the Master Tenant. Moreover, the cost of any such alterations or additions will be born solely by the Master Tenant, not the Trust. Although not free from doubt, we believe that the alteration rights provided to the Master Tenant under the Lease should not violate the intent and purpose of Revenue Ruling 2004-86 or the underlying cases and rulings governing whether the Trustee or Manager possesses an impermissible right to vary the investments of the Trust.

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41 *See* the Lease at §§11.1 & 11.3.

42 *Id.* at §11.3.

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2. Although the Trust has more than one class of ownership interests, the Trust nonetheless should be described as an investment trust classified as a "trust" because the Trust was formed to facilitate direct investment in the Property and the repurchase of the Class 2 Beneficial Interest is incidental to that purpose.

The often-cited principle that the economic substance of a transaction, and not its mere form, governs the tax treatment of a given transaction is a well-established doctrine of federal tax law.[43] The Treasury Regulation describing an investment trust applies this principle by providing that a trust arrangement that otherwise would be treated as an investment trust absent multiple classes of ownership interests nonetheless will be so treated if the multiple classes of ownership interests are incidental to the investment purpose of the trust.[44] The Treasury Regulation illustrates by example the types of different ownership rights that would be merely incidental to a trust's investment purpose.

The first example illustrates a circumstance whereby the existence of two classes of ownership interests in a trust is incidental to the trust's purpose of facilitating direct investment in a portfolio of residential mortgages.[45] The originator of the mortgage portfolio transferred the mortgages to a bank under a trust agreement, retained the class D beneficial ownership interest in the trust and sold to investors the class C beneficial ownership interests in the trust. The two classes are identical except that, in the event of a default on the underlying mortgages, the payment rights of the class D interests are subordinate to the rights of the class C certificate holders. The example observes that the interests of the beneficial holders in the aggregate, however, is substantially equivalent to an undivided ownership interest in the mortgage pool, coupled with a limited recourse guarantee running from the originator to the class C beneficial holders. Thus, the difference in rights between the class D and class C beneficial ownership interests is present simply to facilitate the investment by the class C beneficial owners in the trust's assets.

Likewise, the second example illustrates a circumstance where multiple classes of ownership interests in a trust merely facilitate direct investment in the assets held by the trust.[46] Purchasers purchased trust certificates evidencing the right to receive a particular

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43 *See, e.g., Gregory v. Helvering*, 293 U.S. 465, 467, 470 (1935) (holding that "the reorganization attempted was without substance and must be disregarded"); *Commissioner v. Court Holding Co.*, 324 U.S. 331, 334 (1945) (stating that "the incidence of taxation depends on the substance of a transaction. The tax consequences which arise from gains from a sale of property are not finally to be determined solely by the means employed to transfer legal title."); *Weiss v. Stearn*, 265 U.S. 242, 254 (1924) (stating that the court "must regard matters of substance and not mere form"); *Higgins v. Smith*, 308 U.S. 473, 477 (1940) (holding that the Government may look at "actualities" and disregard the form of a transaction if it is "unreal" or a "sham").

44 Treas. Reg. § 301.7701-4(c).

45 *See* Treas. Reg. § 301.7701-4(c)(2), Example 2.

46 *See* Treas. Reg. § 301.7701-4(c)(2), Example 4.

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payment with respect to a specific bond that is included in a bond portfolio held by the trust. Because the purchase of stripped interests in bonds and coupons are treated as separate bonds for federal income tax purposes, the example states that the multiple classes simply provide each certificate holder with a direct interest in what would be treated as a separate bond. Because the certificate holders acquired an interest in the trust's assets that was similar to what the certificate holder could acquire by direct investment, the multiple classes of ownership interest will not prevent the trust arrangement from being treated as a trust rather than a business entity for federal income tax purposes.

It is possible that the IRS may assert that the redemption of the Company's Class 2 Beneficial Interests[47] gives rise to multiple classes of ownership interests even though the rights of a Class 2 Beneficial Owner otherwise will be identical to the rights of the Class 1 Beneficial Owners immediately upon a Purchaser investing in the Trust.[48] Consistent with the facts in the examples discussed above, however, we believe that the redemption right of the Company (or its Affiliate) also should be treated as existing simply to facilitate the Purchasers' investment in the Class 1 Beneficial Interests in the Trust. The redemption simply replaces the Company's pro rata ownership interest in the Trust and its underlying assets with that of the Purchasers. This same result could be accomplished by either the Depositor selling directly to the Purchasers its Class 2 beneficial interest or the Company (or its Affiliate) selling the Purchasers a direct interest in the Property followed by the Purchasers' contribution of same to the Trust. Because under either scenario the result is the same, and in neither situation is there any variation in the underlying assets owned by the Trust, we believe that the formal mechanism by which the Company's interest in the Property is transferred to the Class 1 Beneficial Owners should not affect the tax consequences of the underlying transaction.

This analysis is consistent with the IRS statement in Revenue Ruling 2004-86 that its conclusions would have been the same regardless of whether the trust property (Blackacre) had been sold directly to Dan and Michelle and then contributed to the trust or, as in the facts in the ruling, contributed to the trust followed by a sale of an interest in the trust to Dan and Michelle. The rights of the Company with respect to the underlying assets in the Trust, i.e., the Property, are no different vis-à-vis a Class 1 Beneficial Owner for as long as the Company retains any Class 2 Beneficial Interests. The result is the economic equivalent of the Purchasers purchasing a direct interest in the Property from the Company and then contributing the purchased interests in the Property to the Trust. Under these circumstances no multiple classes of ownership interests in the Trust should exist.

Based on the foregoing discussion, the Trust (i) should be recognized as an entity separate from the Beneficial Owners for federal income tax purposes, and (ii) should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c). As a result, the Trust should be classified as a "trust" under Treasury Regulation Section 301.7701-4(a).

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47 *See* the Trust Agreement at §6.1.

48 *Id.* at §§ 6.12 and 6.13.

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II. The Beneficial Owners should be treated as "grantors" of the Trust.

A "grantor" of a trust includes any person that either creates a trust or directly or indirectly makes a gratuitous transfer of property, including cash, to a trust.[49] A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust.[50] The term "grantor" also includes any person who acquires an interest in a trust from a "grantor" of the trust if the interest acquired is an interest in an investment trust described in Treasury Regulation Section 301.7701-4(c).[51]

The Beneficial Owners will transfer cash (and, with respect to the Class 2 Beneficial Owner, the Purchase Contract) to the Trust in exchange solely for an interest therein. Because receiving an interest in the Trust is not treated as the receipt of property, the Beneficial Owners should be treated as making a gratuitous transfer to the Trust. Thus, the Beneficial Owners should be treated as "grantors" of the Trust.

III. As "grantors" of the Trust, the Beneficial Owners should be treated as owning an undivided fractional interest in the Property for federal income tax purposes.

A "grantor" that is treated as the owner of an undivided fractional interest of the assets in a trust under the provisions of subchapter J of the Code also is treated as owning an undivided fractional interest of such assets for all federal income tax purposes.[52] Sections 673 through 677 set forth rules for determining when the grantor or another person is treated as the owner of any portion of a trust.[53] Under Section 673, a grantor is treated as owning any portion of a trust in which the grantor has a reversionary interest in either the trust assets or the income therefrom if, as of the inception of that portion of the trust, the value of such interest exceeds 5% of the value of such portion. Under Section 677, a grantor is treated as the owner of any portion of a trust whose income, without the approval or consent of any adverse party is, or in the discretion of the grantor or a non-adverse party or both, may be distributed to the grantor or held or accumulated for future distribution to the grantor.[54]

Revenue Ruling 2004-86 also considered whether the purchase of interests in the trust arrangement by Dan and Michelle would be treated as an acquisition of interests in the real property (Blackacre) owned by the trust (in exchange for their interests in Whiteacre and Greenacre that were conveyed to John). The IRS concluded that Dan and Michelle should be treated as grantors of the trust when they acquire their interests in the trust from John, who had formed the trust. The IRS also concluded that, because Dan and Michelle have

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49 Treas. Reg. § 1.671-2(e)(1).
50 Treas. Reg. § 1.671-2(e)(2).
51 Treas. Reg. § 1.671-2(e)(3).
52 *See* Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 85-45, 1985-1 C.B. 183; and Rev. Rul. 85-13, 1985-1 C.B. 184; *see also* Treas. Reg. § 1.1001-2(c), Example 5.
53 Treas. Reg. § 1.671-2(a).
54 Code § 677(a). For purposes of this provision, a trustee who lacks an economic interest in the assets of a trust is not an adverse party. *See* Treas. Reg. § 1.672(a)-1(a).

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the right to distributions of all the income of the trust attributable to their undivided fractional interests, they should be treated under Section 677 as the owners of an aliquot portion of the trust, and all income, deductions and credits attributable to that portion are includible by Dan and Michelle in computing their taxable income. Because the owner of an undivided fractional interest of a trust is considered to own the trust assets attributable to that interest for federal income tax purposes, the IRS treated Dan and Michelle as each owning an undivided fractional interest in Blackacre for federal income tax purposes.

The IRS treatment of Dan and Michelle as the owners of the trust's property for purposes of Section 1031 is consistent with the treatment by the IRS of grantors of a trust for Section 1033 purposes. Section 1033 is similar to Section 1031 in that it confers nonrecognition treatment on the involuntary conversion of property into similar or related-use property.[55] In several rulings, the IRS concluded that, because the owner of a grantor trust is treated as the owner of the trust's property for federal income tax purposes, whether replacement property was purchased by a grantor or the grantor's trust is of no consequence for Section 1033 purposes.[56]

Several of the rights accorded, directly and indirectly, under the Trust Agreement to the Beneficial Owners as "grantors" should result in the Beneficial Owners being treated owning direct interests in the Property for federal income tax purposes. Generally, the Beneficial Owners have the right to the distribution of all income received by the Trust without the approval, consent or exercise of discretion by any person.[57] Additionally, the Beneficial Owners have a total reversionary interest in the assets of the Trust. These rights of the Beneficial Owners as grantors should result in the Beneficial Owners being treated as owning direct interests in the Trust's assets under Sections 673 and 677 and therefore also for all federal income tax purposes, including Section 1031.

IV. The Interests should not be treated as securities for purposes of Code Section 1031.

If the Interests were determined to be "securities" for purposes of Section 1031, an investor would recognize gain, if any, on the exchange of property for an Interest to the extent the fair market value of the Interest received in the exchange exceeded the adjusted tax basis of the relinquished property.[58] For the reasons discussed below, the Interests should not constitute "securities" for purposes of Section 1031.[59]

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55 *See* Code § 1033(a).

56 *See* Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 70-376, 1970-2 C.B. 164.

57 *See* the Trust Agreement at §7.2.

58 Code § 1001.

59 Although the Interests may be "securities" for purposes of the Securities Act of 1933 or the Securities Exchange Act of 1934, it should be noted that this is not the relevant test for determining whether the Interests are securities for federal income tax purposes but, rather, only the starting point for the analysis.

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A. Legislative History of Section 1031.

The exclusion of securities from Section 1031 was added to the predecessor to Section 1031 in 1923.[60] The legislation amended the predecessor to Section 1031 to include the following italicized language:

> When any such property held for *investment or for* productive use in trade or business (not including stock-in-trade or other property held primarily for sale, *and in the case of property held for investment not including stock, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest)*, is exchanged for property of a like kind or use.
>
> The reason for the addition of the language above was to prevent taxpayers from using the predecessor to Section 1031 to exchange investment securities, such as stocks and bonds, on a tax free basis. A letter from the Secretary of Treasury dated January 13, 1923, provided as follows:
>
> The revenue act of 1921 provides, in section 202, for the exchange of property held for investment for other property held for investment for other property of a like kind without the realization of taxable income. Under this section, a taxpayer who purchases a bond of $1,000 which appreciates in value may exchange that bond for another bond of the value of $1,000, together with $100 in cash (the $100 in cash representing the increase in the value of the bond while held by the taxpayer), without the realization of taxable income. This provision of the act is being widely abused. Many brokers, investment houses and bond houses have established exchange departments and are advertising that they will exchange securities for their customers in such a manner as to result in no taxable gain. Under this section, therefore, taxpayers owning securities which have appreciated in value are exchanging them for other securities and at the same time receiving a cash consideration without the realization of taxable income, but if the securities have fallen in value since acquisition will sell them and in computing net income deduct the amount of the loss on sale. This result is manifestly unfair and destructive of the revenues. The Treasury accordingly urges that the law be amended so as to limit the cases in which securities may be exchanged for other securities without the realization of taxable income to those cases where the exchange is in connection with the reorganization, consolidation or merger of one or more corporations.[61]

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60 *See, e.g.*, H.R. 13774, Public No. 545, 67th Cong., 4th Sess., ch. 294.

61 *Id.*

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In response to the concern expressed in the letter above, Congress amended the predecessor to Section 1031 to exclude securities.[62]

B. Use of the term "securities" in the Code.

The term "securities" is not defined in either Section 1031 or the Treasury Regulations promulgated thereunder. The term "securities" is narrowly defined in other Sections of the Code, including the following:

- Section 165(g) (defining the term "security" as "(A) a share of stock in a corporation; (B) a right to subscribe for, or to receive, a share of stock in a corporation; or (C) a bond, debenture, note, or certificate, or other evidence of indebtedness, issued by a corporation or by a government or political subdivision thereof, with interest coupons or in registered form…");

- Section 402(e)(4)(E)(i) (providing that "[t]he term 'securities' means only shares of stock and bonds or debentures issued by a corporation with interest coupons or in registered form");

- Section 1083(f) (stating that "the term 'stock or securities' means shares of stock in any corporation, certificates of stock or interest in any corporation, notes, bonds, debentures and evidences of indebtedness (including any evidence of an interest in or right to subscribe to or purchase any of the foregoing);[63] and

- Section 1236(c) (providing that "the term 'security' means any share of stock in any corporation, certificate of stock or interest in any corporation, note, bond, debenture, or evidence of indebtedness, or any evidence of an interest in or right to subscribe to or purchase any of the foregoing").

The Interests clearly would not be considered "securities" under any of the above Sections which, although not expressly applicable for Section 1031 purposes, the IRS has indicated are relevant to the issue of how broad or restrictive the scope of "securities" may be for Section 1031 purposes.

In addition, there are instances in the Code where a term is defined by specific reference to federal securities law, such as the following examples:

- Section 67(c)(2)(B)(i)(I) ("continuously offered pursuant to a public offering (within the meaning of Section 4 of the Securities Act of 1933, as amended)");

- Section 83(c)(3) ("so long as the sale of property at a profit could subject a person to suit under Section 16(b) of the Securities Exchange Act of 1934");

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62 *Id.*

63 Code § 1083 was repealed by the Gulf Opportunity Zone Act of 2005. *See* Pub. L. No. 109-135, § 402(a)(1), 119 Stat. 2610 (2005).

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- Section 162(m)(2) ("the term 'publicly held corporation' means any corporation issuing any class of common equity securities required to be registered under Section 12 of the Securities Exchange Act of 1934");

- Section 277(b)(3) ("which for each day of any taxable year is a national securities exchange subject to regulation under the Securities Exchange Act of 1934 or a contract market subject to regulation under the Commodity Exchange Act"); and

- Section 409(e)(4)(A) ("a class of securities required to be registered under Section 12 of the Securities Exchange Act of 1934").

In *Plow Realty Co. of Texas v. Commissioner*,[64] the Tax Court addressed whether two mineral deeds, each conveying an undivided one-eighth interest in oil, gas, sulphur and other minerals, were "securities" for purposes of determining whether the gains from such conveyances constituted "personal holding company income" under Section 502(b) of the Internal Revenue Code of 1939. If such gains were "securities," and hence, "personal holding company income" as defined under the 1939 revenue code, the gains would be subject to a 25% surtax.

The taxpayer contended that the mineral deeds were conveyances of an interest in real estate and not a sale of "securities." The Tax Court agreed:

> Under securities and exchange acts mineral deeds and assignments of mineral rights have been held to be "securities." But here we have a revenue statute and not a question of the exercise of police power by a state or the National Government for the protection of the public. The respondent's regulations define "stock or securities" in broad and comprehensive language, but even so, we do not think the instruments herein can be classified as securities under the revenue act. What we have here is two deeds of conveyance evidencing two private sales of undivided interests in realty, under which title passed to and became vested in the grantees. Such sales do not, in our opinion, under the circumstances here constitute a sale of securities under respondent's regulations.[65]

Based on this reasoning, the Tax Court held that the gains realized by the taxpayer upon the conveyance of the mineral deeds were not "personal holding company income" because the mineral deeds did not convey "securities."

In General Counsel Memorandum 35,242,[66] the IRS stated that "[a]lthough [the definitions under Sections 165(g), 402(a)(3), 1083(f) and 1236(c)] do not control for purposes of Code §1031, we believe it persuasive that Congress has consistently defined the term 'securities' in a limited sense." Accordingly, the IRS determined that an exchange of whisky receipts

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64 4 T.C. 600 (1945).
65 *Id.* at 608 (internal citation omitted).
66 I.R.S. Gen. Couns. Mem. 35,242 (Feb. 16, 1973).

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for other whisky receipts qualified for nonrecognition treatment under Section 1031(a).

Equally important, General Counsel Memorandum 35,242 determined that the whisky receipts were not "securities" for purposes of Section 1031 even though the Securities and Exchange Commission believed such receipts constituted securities under the Securities Act of 1933 and the Securities Exchange Act of 1934. This is consistent with the Tax Court's position that property which constitutes a security under applicable securities laws is not necessarily a "security" for purposes of a specific provision of the Code.[67] The IRS further noted, in the proposed revenue ruling attached to the general counsel memorandum, that the "securities" exception to nonrecognition treatment was added to "preclude brokers, investment houses, and bond houses from arranging the tax free exchanges of appreciated securities for their clients."[68]

Based on the narrow scope of the definition of "securities" for various Code provisions, the IRS endorsement of this narrow definition in the Section 1031 context, and the Tax Court's conclusion that the definition of a "security" under applicable securities laws is irrelevant, we believe that the Interests should not be treated as securities for Section 1031 purposes.

V. The Interests should not be treated as certificates of trust or beneficial interests for purposes of Section 1031.

The non-recognition rules of Section 1031 do not apply to an exchange of certificates of trust or beneficial interests.[69] However, as concluded above, the Trust should be treated as a fixed investment trust within the meaning of Treasury Regulation Section 301-7701-4(c). Therefore, the Trust is considered to be a disregarded entity and the Beneficial Owners should be viewed as owning an underlying fractional interest in the Property (as opposed to an interest in the Trust itself for federal income tax purposes) because, for federal income tax purposes, the Trust is disregarded and viewed as if it does not exist. Thus, the Interests should not be viewed as prohibited certificates of trust or beneficial interests for purposes of Section 1031.

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67 *Plow Realty Co*, 4 T.C. 600 (1945) (concluding that mineral deeds were not securities for purposes of the predecessor to Section 543 (personal holding company income) despite the fact that they were securities under securities and exchange acts).

68 I.R.S. Gen. Couns. Mem. 35,242 (Feb. 16, 1973), (*citing* S. Rept. 1113, 67th Cong. (1927), 1939-1 (Part 2) C.B. 845-46).

69 Code § 1031(a)(2)(E) (1984). As noted above, although the specific language providing for the exclusion of interests in a partnership, securities, or certificates of trust or beneficial interests has been eliminated from the statute, an analysis of these terms remains relevant to the analysis and conclusion set forth herein that the Beneficial Owners should be treated as owning real property for federal income tax purposes.

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VI. The Lease should be treated as a true lease and not a financing for federal income tax purposes.

A. Generally.

We believe that the Lease has the hallmarks of a bona fide, true lease and, therefore, should be treated as such for federal income tax purposes. The economic substance of a leasing transaction is analyzed in light of all of the facts and circumstances.[70] Transactions structured as leases may be recharacterized for federal income tax purposes to reflect their economic substance.[71] For example, in appropriate circumstances a purported lease may be recharacterized as a conditional sales contract. Recharacterization of the Lease as a financing or other arrangement for federal income tax purposes would have significant adverse tax consequences. For example, if the Lease were recharacterized as a financing, then for tax purposes, the Beneficial Owners would be treated as having immediately sold the acquired Interests in the Property to the Master Tenant and the Master Tenant would be treated as the owner of the Property for federal income tax purposes. As a result, a Purchaser attempting to participate in a Section 1031 Exchange would not be treated as having received qualified replacement property when the Purchaser acquired his or her Interest because the Purchaser would be treated as having made a loan to the Master Tenant. As the owner of the Property for federal income tax purposes, the Master Tenant, rather than the Purchasers, would be entitled to claim any depreciation deductions. To the extent that payments of "rent" were recharacterized as payments of interest and principal, the payment of principal would not be treated as the receipt of taxable income by the Purchasers and would not be deductible by the Master Tenant. All of these, and other, consequences could have a significant impact on the tax consequences of an investment in the Property.

B. Revenue Procedure 2001-28.

It is possible that the Lease could be treated as a financing rather than a true lease for federal income tax purposes. There is, however, no bright-line test for making this determination. This issue will be analyzed in the context of Revenue Procedure 2001-28,[72] which sets forth guidelines for obtaining an advance ruling that a lease constitutes a true lease (and not a financing) for federal income tax purposes, as well as the federal income tax case law governing this area.

In recent cases, courts have conducted a two-part analysis to determine whether the purported lease should be respected for federal income tax purposes, including an analysis

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70 Joint Committee on Taxation, Technical Explanation of the Revenue Provisions of the "Reconciliation Act of 2010," as Amended, in Combination with the "Patient Protection and Affordable Care Act," 153 & n. 350 (2010).

71 *See, e.g., Frank Lyon Co. v. United States*, 435 U.S. 561 (1978), *rev'g* 536 F.2d 746 (8th Cir. 1976); *Rice's Toyota World*, 752 F.2d 89 (4th Cir. 1985); *Helvering v. F. & R. Lazarus & Co.*, 308 U.S. 252 (1939); *Emershaw v. Commissioner*, T.C. Memo 1990-246.

72 2001-1 C.B. 1156.

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of whether (i) the purported lease should be disregarded as a "sham" transaction and, if not, (ii) whether the lessor retained a sufficient amount of the traditional benefits and burdens of ownership of the property. A leasing transaction will be deemed a sham, and thus disregarded, if it was entered into for the sole purpose of obtaining tax benefits and the transaction is devoid of any reasonable opportunity for economic profit (exclusive of tax benefits). A transaction is not a sham if there is either a business purpose or economic substance to the transaction.[73] The business purpose test has been described as a subjective analysis examining the motivations for entering into a transaction,[74] while the economic substance analysis is described as an objective analysis focusing on whether the transaction has a reasonable opportunity of producing a profit (exclusive of tax benefits).[75] If a transaction is shown not to be a sham, the lessor must additionally retain sufficient benefits and burdens of ownership to be regarded as the owner for federal income tax purposes.[76] The essence of the courts' benefits and burdens analysis is an examination of whether the purported lessor is subject to the risks of ownership (i.e., downside) and will enjoy the profits of the property (i.e., upside).

Revenue Procedure 2001-28[77] sets forth advance ruling guidelines for "true lease" status. The Trust has not sought, and does not expect to request, a ruling from the IRS under Revenue Procedure 2001-28. These ruling guidelines provide certain criteria that the IRS will require to be satisfied in order to issue a private letter ruling that a lease is a true lease for federal income tax purposes. In the event of an examination by the IRS, the IRS and, ultimately, the courts of applicable jurisdiction, would consider these ruling guidelines, together with existing cases and other rulings, in determining whether the Lease qualifies as a true lease for federal income tax purposes. However, we do not believe that strict compliance with Revenue Procedure 2001-28 is required to conclude that the Lease should be characterized as a true lease for federal income tax purposes.

Rather, we believe that satisfying most of the material ruling guidelines should be sufficient for this purpose. Accordingly, the following discussion reviews the factors considered relevant by the IRS under Revenue Procedure 2001-28 guidelines, as well as the relevant

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73 *See Rice's Toyota World, Inc.*, 752 F.2d 89; *Van Roekel v. Commissioner*, T.C. Memo 1989-74, *app dism'd* 905 F.2d 80 (5th Cir. 1990); *Offermann v. Commissioner*, T.C. Memo 1988-236; *L.W. Hardy Co., Inc. v. Commissioner*, T.C. Memo 1987-63; *Greenbaum v. Commissioner*, T.C. Memo 1987-222; *Torres v. Commissioner*, 88 T.C. 702 (1987); *Mukerji v. Commissioner*, 87 T.C. 926 (1986).

74 *Levy v. Commissioner*, 91 T.C. 838, 854 (1988).

75 *Id.* at 838; *Rubin v. Commissioner*, T.C. Memo 1989-484; *Moser v. Commissioner*, T.C. Memo 1989-142, *aff'd* 914 F.2d 1040 (8th Cir. 1990); *Van Roekel* v. *Commissioner*, T.C. Memo 1989-74; *Offermann v. Commissioner*, T.C. Memo 1988-236; *Larsen v. Commissioner*, 89 T.C. 1229 (1987), *aff'd & rev'd sub nom Casebeer v. Commissioner.*, 909 F.2d 1360 (9th Cir. 1990).

76 *See Emershaw v. Commissioner*, T.C. Memo 1990-246, *aff'd* 949 F.2d 841 (6th Cir. 1991); *Rubin v. Commissioner*, T.C. Memo 1989-484; *Pearlstein v. Commissioner*, T.C. Memo 1989-621; *Moser v. Commissioner*, T.C. Memo 1989-142, *aff'd* 914 F.2d 1040 (8th Cir. 1990); *Van Roekel* v. *Commissioner*, T.C. Memo 1989-74; *Levy*, 91 T.C. 838.

77 2001-1 C.B. 1156. The guidelines were designed with equipment, rather than real estate, leveraged leases as a primary concern.

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case law.[78]

C. Minimum Unconditional At-Risk Investment.

Under the Revenue Procedure, the lessor must make a minimum unconditional "at risk" investment in the property (the "Minimum Investment") when the lease begins, must maintain such Minimum Investment throughout the entire lease term, and such Minimum Investment must remain at the end of the lease term. The Minimum Investment must be an equity investment (the "Equity Investment") that includes only consideration paid, and personal liability incurred, by the lessor to purchase the property. The net worth of the lessor must be sufficient to satisfy any such personal liability.[79] We believe that satisfying the required Minimum Investment pursuant to the guidelines is also indicative of a lessor's retention of downside risk as required under the framework established by the case law.[80]

1. Initial Minimum Investment.

When the property is first placed in service or use by the lessee, the Minimum Investment must be equal to at least 20% of the cost of the property. The Minimum Investment must be unconditional: that is, the lessor must not be entitled to a return of any portion of the Minimum Investment through any arrangement, directly or indirectly, with the lessee, a shareholder of the lessee, or any party related to the lessee (within the meaning of Section 318 of the Code) (the "Lessee Group").[81] Each of the Purchasers will acquire his or her Interest in the Property (through the Trust) for an unconditional equity investment equal to approximately 52.70% of the cost of his or her Interest in the Property. None of the Purchasers will be entitled to demand the return of his or her Equity Investment from the Trust, or any tenant, or any party related to such parties, either through a put option, a guaranty of residual value, or other arrangement with such persons.

2. Maintenance of Minimum Investment.

The Minimum Investment must remain equal to at least 20% of the cost of the property at all times throughout the entire lease term. That is, the excess of the cumulative payments required to have been paid by the lessee to or for the lessor over the cumulative disbursements required to have been paid by or for the lessor in connection with the ownership of the property must never exceed the sum of (i) any excess of the lessor's initial Equity Investment over 20% of the cost of the property plus (ii) the cumulative pro rata

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78 The factors enumerated in the case law are relevant to the guidelines as set forth in Revenue Procedure 2001-28; thus, for purposes of this analysis we refer to the case law factors within the framework of the guidelines.

79 Rev. Proc. 2001-28, 2001-1 C.B. 1156 § 4.01.

80 For example, courts have treated a lessor as the owner of property when the lessor has made cash investments substantially smaller than the 20% required by the Revenue Procedure 2001-28 guidelines. *See e.g.*, *Emershaw v. Commissioner*, T.C. Memo 1990-246 (6% investment); *Greenbaum v. Commissioner*, T.C. Memo 1987-222 (7% investment); *Hardy, L. W. Hardy Co. Inc. v. Commissioner*, T.C. Memo 1987-63 (17% investment).

81 Rev. Proc. 2001-28, 2001-1 C.B. 1156 § 4.01(1).

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portion of the projected profit from the transaction (exclusive of tax benefits).[82] The Trust and the Manager have represented to us that they anticipate that the equity invested in the Property by the Purchasers will equal at least 20% of the cost of the Property to the Trust at all times throughout the term of the Lease (disregarding fluctuations in value) and that, to their knowledge, no plans or intention exists to reduce such equity through distributions or refinancing of the Property or otherwise. It is impossible, however, to determine at this time whether the economic performance of the Property will comply with the above stated requirement of Revenue Procedure 2001-28. Accordingly, this estimation alone neither weighs in support nor against characterization of the Lease as a true lease for federal income tax purposes.

3. Residual Investment.

Under Revenue Procedure 2001-28, the fair market value of the property at the end of the lease term must be estimated to be an amount equal to at least 20% of the original cost of the property. For this purpose, fair market value must be determined (i) without including in such value any increase or decrease for inflation or deflation during the lease term, and (ii) after subtracting from such value any cost to the lessor for removal and delivery of possession of the property to the lessor at the end of the lease term. In addition, under Revenue Procedure 2001-28, a reasonable estimate of the remaining useful life of the property at the end of the lease term must equal the longer of one year or 20% of the originally estimated useful life of the property.[83] The Trust and the Manager have represented that the Property is expected to have a value at the end of the Lease term or the anticipated time of sale that is at least 20% of the original cost of the Property and that the financial projections of the value of the Property at the end of the Lease term or the anticipated time of sale are not based on increases or decreases in inflation or deflation during the lease term and reflect the anticipated costs of sale. In addition, the Trust and the Manager have represented that a reasonable estimate of the remaining useful life of the Property at the end of its initial lease term should equal the longer of one year or 20% of the originally estimated useful life of the Property.

D. Lease Term and Renewal Options.

For purposes of determining whether the various requirements imposed by Revenue Procedure 2001-28 are satisfied, the lease term must include all renewal or extension periods except renewals or extensions at the option of the lessee at fair rental value at the time of such renewal or extension.[84] Because both the Equity Investment of the Purchasers and the Lease will terminate at the time of the anticipated sale, the anticipated time of sale might be used as the measuring period for purposes of determining the term of the Lease. One could also argue that the entire term of the Lease should be used as the applicable measuring period in determining whether the various requirements of Revenue Procedure

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82 *Id*. at § 4.01(2).
83 *Id*. at § 4.01(3).
84 *Id*. at § 4.02.

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2001-28 have been met. We have considered each of these alternatives in reaching our conclusions herein concerning the application of Revenue Procedure 2001-28.

E. Purchase and Sale Rights.

Under Revenue Procedure 2001-28, no member of the Lessee Group may have a contractual right to purchase the property from the lessor at a price less than its fair market value at the time the right is exercised.[85] When the property is first placed in service or use by the lessee, the lessor may not have a contractual right to cause any party to purchase the property.[86] The lessor must also not have any present intention to acquire such a contractual right. A provision that permits the lessor to abandon the property to any party will be treated as a contractual right of the lessor to cause such party to purchase the property.[87] Despite this prohibition, both the IRS and the courts have recognized leases utilizing fixed-price purchase options as leases for federal income tax purposes. A number of courts have concluded that a true lease existed even when the lessee had the right to purchase the leased property at a fixed price so long as the purchase price represented an estimate of the fair market value of the leased property as of the option date, or was not nominal in relation to such value.[88] The Lease and other Transactional Documents do not provide the Trust with a put option or the right to abandon the Property to any party.

F. Investment by Lessee.

No part of the cost of the property or the cost of improvements, modifications, or additions to the property ("Improvements") may be furnished by any member of the Lessee Group. If the lease requires the lessee to maintain and keep the property in good repair during the term of the lease, ordinary maintenance and repairs performed by a member of the Lessee Group will not constitute an Improvement.[89]

While the Master Tenant may incur some obligations to construct improvements under one or more subleases, this should not affect the characterization of the Lease for federal income tax purposes. Under the Lease, the Master Tenant may be required to pay for certain tenant improvements associated with the Property. For example, the Master Tenant must

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85 *Id*. at § 4.03.

86 *Id*. at § 4.03.

87 *Id*. at § 4.03.

88 *See L. W. Hardy Co. Inc. v. Commissioner*, T.C. Memo 1987-63; *Transamerica Corp. v. U.S.*, 15 Cl. Ct. 420 (1988), *aff'd* 902 F.2d 1540 (Fed. Cir. 1990); *Cooper v. Commissioner*, 88 T.C. 84 (1987); *Belz Inv. Co. v. Commissioner*, 72 T.C. 1209 (1979), *aff'd* 661 F.2d 76 (6th Cir. 1981), *acq*. 1980-2 C.B. 1; *Northwest Acceptance Corp. v. Commissioner*, 58 T.C. 836 (1972), *aff'd* 500 F.2d 1222 (9th Cir. 1974); *Lockhart Leasing Co. v. Commissioner*, 54 T.C. 301 (1970), *aff'd* 446 F.2d 269 (10th Cir. 1971); *see also* Staff of the Joint Committee on Taxation, General Explanation of the Tax Reform Act of 1984 (1984) ("Where [a] purchase option was more than nominal but relatively small in comparison with fair market value, the lessor was viewed as having transferred full ownership because of the likelihood that the lessee would exercise the option.").

89 Rev. Proc. 2001-28, 2001-1 C.B. 1156 at § 4.04.

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throughout the term of the Lease take good care of the Property, put, keep and maintain the Property and every part thereof in a condition substantially the same as the condition of the Property as of the commencement of the Lease, and make all necessary repairs of whatsoever kind or nature.[90] We believe that any such improvements required to be constructed by the Master Tenant under the Lease are in the nature of maintenance and repairs consistent with ordinary commercial practice and, therefore, should not prevent the Lease from qualifying as a true lease for federal income tax purposes.[91]

G. No Lessee Loans or Guarantees.

No member of the Lessee Group may lend to the lessor any of the funds necessary to acquire the property, or guarantee any indebtedness created in connection with the acquisition of the property by the lessor.[92] A guarantee by any member of the Lessee Group of the lessee's obligation to pay rent, properly maintain the property, or pay insurance premiums or other similar conventional obligations of a net lease does not constitute a guarantee of the indebtedness of the lessor.[93] There are no guarantees under the Lease or other Transaction Documents that violate this requirement.[94]

H. Profit Requirement.

The lessor must expect to receive a profit from the transaction apart from the value of or benefits obtained from the tax deductions, allowances, credits and other tax attributes arising from such transaction. Under the Revenue Procedure 2001-28 guidelines, this requirement is met if: (a) the aggregate amount required to be paid by the lessee to or for the lessor over the lease term plus the value of the residual investment exceed an amount equal to the sum of the aggregate disbursements required to be paid by or for the lessor in connection with the ownership of the property and the lessor's Equity Investment in the property, including any direct costs to finance the Equity Investment; and (b) the aggregate amount required to be paid to or for the lessor over the lease term exceeds by a reasonable amount the aggregate disbursements required to be paid by or for the lessor in connection with the ownership of the property.[95] Similarly, the return of a profit to the lessor is

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90 *See* the Lease at §6.1.

91 In addition, in its private ruling practice under Revenue Procedure 75-21 (the predecessor to Revenue Procedure 2001-28, which included a similar requirement), the IRS has generally concluded that the making of an improvement by a tenant not permitted under this guideline will not affect the true lease analysis. *See* I.R.S. Priv. Ltr. Rul. 8712025 (Dec. 18, 1986); *see also* I.R.S. Gen. Couns. Mem. 36,727 (May 13, 1976) ("We too have found no statutory or judicial law reclassifying a lease transaction as a purchase because of lessee improvements").

92 Rev. Proc. 2001-28, 2001-1 C.B. 1156 § 4.05.

93 *Id*. at § 4.05.

94 With respect to the Bridge Financing, the Company (among other affiliates) will provide the bridge lender with a repayment guaranty of the obligations of Bluerock Real Estate Holdings, LLC. As the Bridge Financing will be an obligation of Bluerock Real Estate Holdings, LLC (and not the Trust), such guarantee should not constitute a guarantee of indebtedness created in connection with the acquisition of the Property by the Master Tenant as lessor.

95 Rev. Proc. 2001-28, 2001-1 C.B. 1156 at § 4.06.

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arguably indicative of a true upside, sufficient to satisfy the sham transaction and benefits and burdens framework established by the case law.[96] The Trust and the Manager have represented to us that this requirement is expected to be satisfied.

I. Conclusion.

In light of the above factors, the Lease satisfies most of the pertinent material conditions set forth in Revenue Procedure 2001-28 that we believe are necessary for characterization as a true lease. Likewise, under the framework established in the case law, the Lease bears the hallmarks of a bona fide lease. Accordingly, we believe that the Lease should be treated as a true lease rather than as a financing for federal income tax purposes.

VII. The Lease should be treated as a true lease and not a deemed partnership for federal income tax purposes.

It also is necessary to consider whether the Lease could be re-characterized as a partnership for federal income tax purposes because if the Trust or the Beneficial Owners are treated as partners with the Master Tenant with respect to the ownership of the Property, the Beneficial Owners would not be treated as directly holding interests in the Property for income tax purposes.[97] Case law provides that certain factors are indicative that a purported lease may in fact be a partnership for federal income tax purposes.[98]

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96 While the "Uncontrollable Costs" feature of the Lease could potentially be viewed as giving rise to a relationship similar to a cash flow lease (e.g., if the pool of items included in the formulation of Uncontrollable Costs was so expansive as to include the totality of operating expenses, or a significant portion thereof, thereby changing the nature of the Lease), we believe that the limited categories included therein (i.e., real estate taxes and similar impositions, insurance and utilities) are sufficiently tied to historic and anticipated costs and discrete in nature such that the Lease should still be properly viewed as a true lease and not an agency or financing arrangement. As such, the Uncontrollable Costs adjustment mechanism in the Lease should not be viewed as a sharing of profits or losses. In addition, if there is an increase in the amount of Uncontrollable Costs, such costs will only be offset to the extent of Additional Rent or Supplemental Rent; accordingly, if such rent amounts are unavailable, the burden for such costs remains with the Master Tenant.

97 Because the property manager and sub-property manager will not be in privity of contract with the Trust, there should be little doubt that there is no partnership between the property manager, sub-property manager, and the Trust.

98 *See Haley v. Commissioner*, 203 F.2d 815 (5th Cir. 1953), *rev'g and rem'g* 16 T.C. 1509 (1951) (citing *Culbertson* and stating that a transaction will be treated as a partnership rather than a lease "if the agreements and the conduct of the parties . . . plainly show the existence of such [a partnership] relationship, and the intent to enter into it"); *Luna v. Commissioner*, 42 T.C. 1067 (1964) (outlining factors that will aid in the determination of whether a partnership exists for federal tax purposes "[T]he following factors, none of which are conclusive, bear on this issue: The agreement of the parties and their conduct in executing its terms; the contributions if any, which each party has made to the venture; the parties' control over income and capital and the right of each to make withdrawals; whether each party was a principal and coproprietor, sharing a mutual proprietary interest in the net profits and having an obligation

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A. Applicable Standards.

The courts have focused on the following factors when analyzing this issue:

1. Intent.

The test set forth in *Culbertson* is applicable in determining whether an agreement is treated as a partnership or as a lease.[99] The Lease specifically states that the parties do not intend to form a financing arrangement, joint venture or management arrangement with the Master Tenant.[100] Likewise, the Lease recites that it is intended to be characterized as a true lease and that the parties shall reflect the Lease as such in all applicable books, records and reports, including income tax filings.[101]

2. Joint Contribution of Capital or Services.

Where persons combine their capital and services together in an enterprise such that they are required to deal with each other to realize the economic benefits from the property, the arrangement generally will be characterized as a partnership.[102] The Trust and the Master Tenant do not intend to pool either their capital or services. The Trust will make the Property available to the Master Tenant and will not participate in, or provide services to, the Master Tenant's business (except to the extent necessary to protect its investment in the Property). Similarly, the Master Tenant will not provide capital to enable the Trust to acquire or improve the Property and will not provide services to the Trust (except to the

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to share losses, or whether one party was the employee of the other; whether business was conducted in the joint name of the parties; whether the parties filed Federal partnership returns or otherwise represented that they were joint venturers; whether separate books of account were maintained for the venture; and whether the parties exercised mutual control over and assumed mutual responsibilities for the enterprise."); *Bussing v. Commissioner*, 88 T.C. 449 ("A partnership for federal income tax purposes is formed when the parties to a venture join together capital or services with the intent of conducting a business or enterprise and of sharing the profits and/or losses of the venture"). In *Bussing*, the parties entered into a multiparty sale lease-back transaction intended to qualify under *Frank Lyon*. Rent payments generally offset amounts due under the debt incurred to purchase the asset, giving the purchaser-lessor an interest in the rent. Because of a remarketing agreement that enabled the seller-lessee to share along with the purchaser lessor in the residual value of the leased property. The purchaser-lessee took the property subject to already existing debt and therefore bore a risk of loss if this debt was not repaid.

99 *Commissioner v. Culbertson*, 337 U.S. 733 (1949).

100 *See* the Lease at §3.5.

101 *Id*. The IRS could attempt to collapse the 1.0% Interest in the Trust retained by the Depositor (an affiliate of the Sponsor) and the Master Tenant's leasehold interest to assert that there are two classes of Interests that are not of equal economic effect. However, based on our review of the Transaction Documents, we do not believe that this result is likely as it would require the IRS to establish against the weight of the other factors discussed herein that the Lease is not a true lease.

102 *Bussing*, 88 T.C. 449; *Alhouse v. Commissioner*, T.C. Memo 1991-652.

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extent necessary to comply with its obligations under the Lease).

3. Joint Capital and Ownership of Capital and Earnings.

Another factor is whether the participants will have joint control over the capital and earnings of the venture.[103] The Master Tenant will have control over cash from the Property. However, the Master Tenant should not be deemed to have an ownership interest in the funds to which the Trust is entitled and it does not have the power to spend such funds except pursuant to the specific terms provided under the Lease. The Trust and the Master Tenant will each earn a separate profit. The Master Tenant will recognize income or loss based on the difference between the rent it receives on its subleases and the expenses of leasing and operating the Property. The Trust will receive rent from the Master Tenant, including a fixed base rent payment payable monthly, and a percentage of gross rents earned on an annual basis (with estimated payments being made to the Trust on a monthly basis).[104] The Lease does not provide for any rental payments based on net operating income or net cash flow from the operation of the Property. Thus, none of these parties will jointly share in profits or losses; rather, each will bear its own separate risk that a profit will be realized.

4. Sharing of Profits as Co-proprietors.

Partners generally share profits as co-proprietors. A sharing of profits, however, is not alone sufficient to make partners or joint venturers out of participants in a business enterprise if the requisite element of co-ownership is not established.[105] A profit share in a

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103 Code § 704(e)(1).

104 *See* the Lease at §§4.1(a)-(c).

105 *See* Treas. Reg. § 301.7701-1(a)(2) (if an individual owner of farm property leases it to a farmer for a cash rental or a share of the crops, they do not necessarily create a separate entity for federal tax purposes); *Grandview Mines v. Commissioner*, 282 F.2d 700 (9th Cir. 1960), *aff'g* 32 T.C. 759 (1959) (46.5% of lessee's net profits from leased property; not recharacacterized as partnership); *Freesen v. Commissioner*, 84 T.C. 920 (1985) ('The fact that the consideration paid for the use of property is a function of net profits, does not require a finding that a joint venture exists"); *see also U.S. v. Myra Foundation*, 382 F.2d 107 (8th Cir. 1967) (sharecropping arrangement not partnership even though landowner furnished seed, paid half of certain expenses, and participated in farming operations through a farm manager); *White's Iowa Manual Labor Inst. v. Commissioner*, T.C. Memo 1993-364 (same result); *Harlan E. Moore Charitable Trust v. U.S.*, 9 F.3d 623 (7th Cir. 1993) (same result); *Oblinger Trust v. Commissioner*, 100 T.C. 114 (1993); *cf. Bank of El Paso v. U.S.*, 509 F.2d 832 (5th Cir. 1975) (holding characterization as lease or partnership was a question for the jury and distinguishing *Myra Foundation*); Rev. Rul. 57-7, 1957-1 C.B. 435 (arrangements in which coin-operated entertainments were placed on premises and under which the owner of the premises received a percentage of the gross receipts were leases); *Manchester Music Co., Inc. v. U.S.*, 733 F. Supp. 473 (D.N.H. 1990) (reaching opposite conclusion from Rev. Rul. 57-7); *In re Acme Music Co., Inc.*, 196 B.R. 925 (W.D. Pa. 1996) (no partnership between owner of premises of operator of coin-operated entertainments where owner and operator shared only gross profits, not net profits); Rev. Rul. 92-49, 1992 –1 C.B. 433 (allowing taxpayers to elect how to report arrangements described in Rev. Rul. 57-7); *see also Duley v. Commissioner*,

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lease can be received by a lessor as rent without the lessor becoming a partner in the enterprise. A share of net receipts, as opposed to gross receipts, is stronger evidence that a partnership relationship exists, but without more, should not cause a lease to be recharacterized as a partnership. Under the Lease, the Master Tenant receives rent from the sublease of the Property whereas the Trust receives rent from the Master Tenant. Under the Treasury Regulations, the sharing of gross rents, without more, is very unlikely to create a partnership arrangement.[106] The only sharing involved in the present case is the fact that the Trust might share in certain gross percentage rent, as a landlord and not as a partner, only to the extent such rent exceeds a set base.[107] Thus, the Trust and the Master Tenant should not be viewed as sharing in the net profits from the Property.

5. Sharing of Losses.

Although the sharing of losses is not required to obtain partner status, this has often been a significant factor in cases distinguishing leases from partnerships. A mere profit-sharing agreement would not be taxed as a partnership absent an intent to form a partnership, especially when there was no agreement to share losses. In this case, the Master Tenant will not share in losses generated from an ownership interest in the Property. Further, in the case of the Lease, the Trust will lease the Property to the Master Tenant, and will not share in losses, if any, sustained by the Master Tenant with respect to operating and subletting of the Property.

6. Control Over the Business.

An arrangement whereby two or more persons share the profits of a common undertaking does not constitute a joint venture in the absence of the power to control.[108] Typically, a lessor does not jointly manage the leased property with the lessee. The right of a lessor to participate in the management of the property, therefore, is an important factor distinguishing leases from partnerships.[109] Under the terms of the Lease, the Trust will have limited rights to participate in the management of the Property. The Master Tenant

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T.C. Memo 1981-246 (no partnership even though profit sharing because no intent to form partnership, no sharing of losses and no material interest in capital); *Koss v. Commissioner*, T.C. Memo 1989-330 (no partnership when joint sharing of profits because no obligation to contribute capital or share losses and no proprietary interest in profits); I.R.S. Priv. Ltr. Rul. 8003027 (Oct. 23, 1979); I.R.S. Gen. Couns. Mem. 36,113 (Dec. 19, 1974); Rev. Rul. 75-43,1975-1 C.B. 383.

106 Treas. Reg. §1.761-1(a); Treas. Reg. §301.7701-1(a)(2).

107 As noted above, we believe that the limited categories of expenses included in Uncontrollable Costs (i.e., real estate taxes and similar impositions, insurance and utilities) are sufficiently tied to historic and anticipated costs and discrete in nature such that the Lease should still be properly viewed as a true lease and not a deemed partnership. As such, the Uncontrollable Costs adjustment mechanism in the Lease should not be viewed as a sharing of profits or losses and, therefore, is not indicative of a deemed partnership.

108 *Joe Balestrieri and Co. v. Commissioner*, 177 F.2d 867 (9th Cir. 1949); *O'Connor v. Commissioner*, T.C. Memo 1960-70 (broker split profits but compensated for losses).

109 *See, e.g., Grandview Mines*, 282 F.2d 700; *Haley*, 203 F.2d 815.

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will have the right to manage the day-to-day operation of the Property. Any sublease by the Master Tenant does not require the consent of the Trust, so long as the term of such sublease terminates prior to the term of the Lease.[110] While any decision to sell or refinance the Property will be made by the Manager on behalf of the Trust, this right is typical for a lessor to possess as the owner of the Property and, therefore, does not support partnership characterization. In addition, the Trust Agreement grants the Beneficial Owners, or the Manager if no Beneficial Owner exercise its right, a right of first refusal upon the receipt of any Beneficial Owner of a bona fide Third-Party Offer.[111] This right is only operative upon the receipt of a Third-Party Offer, and the Beneficial Owner (or Manager, as the case may be) may only exercise such right on the same arm's length terms and conditions as contained in the bona fide Third-Party Offer. As such, the right of first refusal should not be viewed as a shared control arrangement.

7. Parties' Agreement and Conduct in Executing its Terms.

As stated above, the Lease specifically states that the parties do not intend to create a financing arrangement, joint venture or management arrangement.[112] Additionally, we believe the terms of the Lease are not indicative of a financing arrangement, joint venture or management arrangement. Accordingly, the parties' agreement and, to our knowledge, their conduct in executing its terms should not be indicative of a partnership for federal income tax purposes.[113]

8. Maintenance of Separate Books.

The Master Tenant will not keep books or records on behalf of the Trust, as such tasks will be performed by the Manager on behalf of the Trust.[114] Under the Lease, the Master Tenant will keep records as required to report rental payments to the Trust so that the Trust will separately report its separate rental income.[115]

9. Filing of Tax Returns or Other Partnership Action.

Pursuant to the Lease, no partnership returns will be filed and the parties are prohibited from otherwise acting or holding themselves out as partners in a partnership.[116] Each party

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110 *See* the Lease at §19.4.

111 *See* the Trust Agreement at §6.4(b).

112 *See* the Lease at § 3.5.

113 *Sun Capital Partners III, LP v. New England Teamsters & Trucking Industry Pension Fund,* No. 16-1376 (1st Cir. 2019) (in deciding whether two private equity funds (the "Funds") had created a deemed partnership: "The fact that the Funds expressly disclaimed any sort of partnership between the Funds counts against a partnership finding as to several of the *Luna* factors.").

114 *Id*. (applying the *Luna* factors "The Funds…kept separate books…a fact which tends to rebut partnership formation.").

115 *See* the Lease at §§3.5 & 23.21.

116 *See* the Lease at §23.16; *Sun Capital,* No. 16-1376 (1st Cir. 2019) (applying the *Luna* factors

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is specifically required to reflect the transactions represented by the Lease in all applicable books, records and reports (including, without limitation, income tax filings) in a manner consistent with true lease treatment.[117]

10. Lessee Shares in Residual Proceeds.

Although a number of cases have upheld transactions as leases even though the lessee was engaged to provide the lessor with remarketing services in exchange for a share of the sales proceeds,[118] this factor is not present here. In addition, any compensation of the Manager, if any, upon a sale of the Property is a matter of contract between the Trust and the Manager and should not give rise to a partnership between the Master Tenant and the Trust for federal income tax purposes.

B. Conclusion.

Based on these factors, the arrangement between and among the Trust and the Master Tenant should not give rise to a deemed partnership for federal income tax purposes.

VIII. The discussion of the federal income tax consequences contained in the Memorandum are correct in all material respects.

We have reviewed the discussion of federal income tax consequences contained in the Memorandum, and we believe that it is correct in all material respects. Our opinion, however, does not address whether the exchange entered into by a Purchaser satisfies all of the requirements of Section 1031.

IX. Certain judicially created doctrines should not apply to change the foregoing conclusions.

There are a number of judicially created substance-over-form doctrines that may conceivably apply to the Trust's contractual arrangements, including the economic substance/business purpose, the sham transaction, and step transaction doctrines. For reasons discussed more fully below, none of the foregoing doctrines should apply in the instant case.

A. Economic Substance and Business Purpose.

1. Applicable Rules.

"The Funds also filed separate tax returns…a fact which tends to rebut partnership formation.").

117 *See* the Lease at §3.5.

118 *See, e.g.*, *Levy*, 91 T.C. 838; *Casebeer*, 909 F.2d 1360.

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Taxpayers generally are free to structure their business transactions as they please, even if motivated by tax avoidance considerations.[119] While a transaction with no purpose other than to reduce taxes will not be recognized for federal income tax purposes, a transaction that has a meaningful business purpose and economic substance should be respected, regardless of whether the taxpayer also intended to reduce taxes.[120]

In *Frank Lyon Co. v. United States*,[121] the Supreme Court stated:

> Where . . . there is a genuine multiple-party transaction with economic substance which is compelled or encouraged by business or regulatory realities, is imbued with tax independent considerations, and is not shaped solely by tax-avoidance features that have meaningless labels attached, the Government should honor the allocation of rights and duties effectuated by the parties.[122]

As a result of *Frank Lyon*, a two-pronged test was developed to determine whether the form of a transaction should be respected or disregarded as a sham. In *Rice's Toyota World, Inc.*,[123] the Fourth Circuit articulated this test by stating that "[t]o treat a transaction as a sham, the court must find that the taxpayer was motivated by no business purposes other than obtaining tax benefits in entering the transaction, and that the transaction has no economic substance because no reasonable possibility of a profit exists."[124] This test

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119 *See Gregory*, 293 U.S. 465; *Rice's Toyota World v. Commissioner*, 81 T.C. 184, 196 (1983), *aff'd in part, rev'd in part and rem'd*, 752 F.2d 89 (4th Cir. 1985).

120 *Gregory*, 293 U.S. at 469; *see also Superior Oil Co. v. Mississippi*, 280 U.S. 390, 395-96 (1930) ("The only purpose of the [taxpayer] was to escape taxation. . . The fact that it desired to evade the law, as it is called, is immaterial, because the very meaning of a line in the law is that you intentionally may go as close to it as you can if you do not pass it."); *Knetsch v. United States*, 364 U.S. 361, 365 (1960) (citing *Gregory* regarding the legal right of a taxpayer to decrease or altogether avoid taxes); *ACM Partnership*, 157 F.3d at 248 n.31 ("[I]t is also well established that where a transaction objectively affects the taxpayer's net economic position, legal relations, or non-tax business interests, it will not be disregarded merely because it was motivated by tax considerations. In analyzing both the objective and subjective aspects of ACM's transaction in this case where the objective attributes of an economically substantive transaction were lacking, we do not intend to suggest that a transaction which has actual, objective effects on a taxpayer's non-tax affairs must be disregarded merely because it was motivated by tax considerations."); *Yosha v. Commissioner*, 861 F.2d 494, 499 (7th Cir. 1988) (a transaction has economic substance when " . . . it is the kind of transaction that some people enter into without a tax motive, even though the people fighting to defend the tax advantages of the transaction might not or would not have undertaken it but for the prospect of such advantages — may indeed have had no other interest in the transaction.").

121 435 U.S. 561 (1978).

122 *Id.* at 583-84; *see also Cottage Savings Ass'n v. Commissioner*, 499 U.S. 554 (1991) (a savings and loan association that swapped mortgage portfolios in order to recognize a tax loss was allowed such loss; the Supreme Court focused not on the tax-motivated purpose, but on whether the portfolios were materially different by tax as opposed to economic standards).

123 81 T.C. 184 (1983), *aff'd in part, rev'd in part and rem'd*, 752 F.2d 89 (4th Cir. 1985).

124 *Rice's Toyota World*, 752 F.2d at 91; *see also Horn v. Commissioner*, 968 F.2d 1229, 1237 (D.C. Cir. 1992) (before declaring a transaction an economic sham, the court should consider

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therefore analyzes both the objective and subjective aspects of a transaction, i.e., the economic substance and the subjective business motivation behind the transaction, respectively.[125] These objective and subjective aspects are not "discrete prongs of a 'rigid two-step analysis,'" but rather are related factors in the analysis of whether a transaction has sufficient substance, apart from its tax consequences, to be respected.[126]

With respect to determining profit potential, the courts have not traditionally established a threshold amount of profit to determine whether a transaction should be respected for federal income tax purposes. The Tax Court has in some cases required more than a de minimis amount of profit, especially where transactions involving financial instruments are concerned.[127] Other courts, however, have been reluctant to propose a threshold amount.[128]

In *United Parcel Service of America, Inc. v. Commissioner*,[129] the Eleventh Circuit reversed the Tax Court[130] on the issue of economic substance in finding that the restructuring by United Parcel Service ("UPS") of its excess-value business had both real economic effects and a business purpose. The Court reasoned that setting up a transaction (that otherwise has economic substance) with tax planning in mind is permissible as long as it figures in a bona fide, profit-seeking business purpose. In its finding that UPS' transaction had a valid business purpose, the Court noted that "a "business purpose" does not mean a reason for a transaction that is free of tax considerations. Rather, a transaction has a "business purpose"

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whether the transaction presented a reasonable prospect for economic gain).

125 *Casebeer*, 909 F.2d at 1363; *accord Lerman v. Commissioner*, 939 F.2d 44, 53-54 (3d Cir. 1991) (noting that a sham transaction is defined as a transaction that "has no business purpose or economic effect other than the creation of tax deductions" and holding that the taxpayer was not entitled "to claim "losses" when none in fact were sustained").

126 *Id.* at 1363; *see also Jacobson v. Commissioner*, 915 F.2d 832, 837 (2d Cir. 1990) (the determination of economic substance looks to whether the transaction has any "practical economic effects other than the creation of income tax losses"); *Weller v. Commissioner*, 270 F.2d 294, 297 (3d Cir. 1959) (transactions that do not change the flow of economic benefits are disregarded if they do not change the taxpayer's financial position); *Northern Ind. Pub. Serv. Co. v. Commissioner*, 115 F.3d 506 (7th Cir. 1997), *aff'g*, 105 T.C. 341 (1995) (the IRS could not set aside transactions which resulted "in actual, non-tax related changes in economic position."); *Larsen*, 89 T.C. 1229; *cf. Kirchman v. Commissioner*, 862 F.2d. 1486 (11th Cir. 1989) (existence of a nontax business purpose does not mandate the recognition of a transaction that otherwise lacks economic substance); *Goldstein v. Commissioner*, 364 F.2d 734 (2d Cir. 1966) (the court denied the taxpayer a prepaid interest deduction on debt incurred by the taxpayer solely to generate a deduction because the taxpayer could not reasonably have had any purpose in entering the transactions other than to reduce taxes).

127 *See Hilton v. Commissioner*, 74 T.C. 305, 353 (1980); *aff'd per curiam*, 671 F.2d 316 (9th Cir. 1982) (a 6% rate of *return* was required for purposes of the economic substance determination); *Krumhorn v. Commissioner*, 103 T.C. 29 (1994).

128 *See Estate of Thomas v. Commissioner*, 84 T.C. 412, 440 n. 52 (1985) (the court abstained, absent legislative *guidance*, from proposing a particular return for purposes of the determination of profit potential).

129 254 F.3d 1014 (11th Cir. 2001), *rev'g*, T.C. Memo 1999-268.

130 T.C. Memo 1999-268.

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. . . as long as it figures in a bona fide, profit-seeking business."[131]

The economic substance doctrine was developed under an extensive body of case law prior to being codified as Section 7701(o) as part of the Reconciliation Act of 2010.[132] Before the economic substance doctrine under Section 7701(o) can be applied to a transaction, it is important to ask whether the economic substance doctrine is relevant to such transaction. Section 7701(o)(5)(C) provides that "[t]he determination of whether the economic substance doctrine is relevant to a transaction shall be made in the same manner as if this subsection has never been enacted."[133] For example, the Joint Committee Report specifically provides that "[l]easing transactions, like all other types of transactions, will continue to be analyzed in light of all the facts and circumstances."[134] This suggests that the economic substance doctrine as codified will be applied as it historically has been applied under the case law. However, taxpayers should anticipate that the courts and the IRS could apply the specific language of the statute.

The Joint Committee Report provides for two types of transactions that are not considered relevant for purposes of the economic substance doctrine: (i) transactions giving rise to the realization of tax benefits consistent with the intent of Congress; and (ii) certain basic business transactions that are respected "under longstanding judicial and administrative practice."[135] Regarding the first category of transactions to which the economic substance doctrine is not relevant, the Joint Committee Report states that "[if] the realization of the tax benefits of a transaction is consistent with the Congressional purpose or plan that the tax benefits were designed by Congress to effectuate, it is not intended that such tax benefits be disallowed."[136] Regarding the second category of transactions to which the economic substance doctrine is not relevant, the Joint Committee Report states that Section 7701(o) "is not intended to alter the tax treatment of certain basic business transactions that, under longstanding judicial and administrative practice are respected, merely because the choice between meaningful economic alternatives is largely or entirely based on comparative tax advantages."[137] The Joint Committee Report further provides that the economic substance doctrine does not apply to the following four basic business transactions: (i) the choice between capitalizing a business enterprise with debt or equity; (ii) A U.S. person's choice between utilizing a foreign corporation or a domestic corporation to make a foreign investment; (iii) the choice to enter a transaction or series of

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131 *United Parcel Service of America, Inc.*, 254 F.3d at 1019.

132 As codified, the economic substance doctrine is the "common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose." Code § 7701(o)(5)(A).

133 *See also* Joint Committee on Taxation, Technical Explanation of the Revenue Provisions of the "Reconciliation Act of 2010," as amended, in combination with the "Patient Protection and Affordable Care Act" (JCX-18-10) (Mar. 21, 2010) [hereinafter Joint Committee Report], at 152 ("[T]he provision does not change present law standards in determining when to utilize the economic substance analysis.").

134 *Id*.

135 *Id*. at 152-153.

136 *Id*. at 152 n. 344.

137 *Id*. at 152.

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transactions that constitute a corporate organization or reorganization under subchapter C of the Code; and (iv) the choice to use a related-party entity in a transaction, provided that the arm's-length standard of Section 482 and other applicable concepts are satisfied.[138]

The legislative history to Code Section 7701(o) provides limited guidance as to whether the economic substance doctrine applies in the first instance. Specifically, the House Report states that it does not intend for the provision to alter the tax treatment of "certain basic business transactions that, under longstanding judicial and administrative practice are respected, merely because the choice between meaningful economic alternatives is largely or entirely based on comparative tax advantages."[139] The House Report goes on to note that, "as under present law, whether a particular transaction meets the requirements for specific treatment under any of these provisions is a question of facts and circumstances."[140]

In addition, the Large Business and International Division of the IRS issued guidance to assist examiners and their managers with determining whether it is appropriate to raise the economic substance doctrine with respect to a transaction under review (the "LB&I Directive").[141] The LB&I Directive lists factors tending to show that it likely would be inappropriate to apply the economic substance doctrine, such as if (i) the transaction was not highly structured, (ii) the transaction was based on arms' length terms negotiated by unrelated third parties, (iii) the transaction did not involve unnecessary steps, (iv) the transaction was not promoted by a tax department or outside counsel, or (v) the transaction generates targeted tax incentives that are, in form and substance, consistent with Congressional intent in providing the incentives.[142]

If a transaction is relevant and thus subject to the economic substance doctrine, Section 7701(o) codifies the position, already taken by many courts, that the economic substance doctrine entails application of a conjunctive test.[143] Specifically, Section 7701(o)(1) provides that a transaction (or series of transactions) to which the economic substance doctrine applies is treated as having economic substance only if: (1) it changes in a meaningful way (apart from any federal income tax effects) the taxpayer's economic position; and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into such transaction. Before enacting Section 7701(o), some circuit courts of appeal would only require a change in economic circumstances or a business purpose. By enacting Section 7701(o), Congress eliminated any distinction between the different federal circuit courts of appeal as to whether the foregoing test should be applied conjunctively or disjunctively.

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138 *Id*. at 152-153.

139 H.R. Rep. 111-443 at 296.

140 *Id*.

141 LB&I Directive, Guidance for Examiners and Managers on the Codified Economic Substance Doctrine and Related Penalties, Control No: LB&I-4-0711-015 (July 15, 2011).

142 *Id*.

143 *See, e.g., Klamath Strategic Investment Fund v. United States*, 568 F.3d 537, (5th Cir. 2009); *Coltec v. United States*, 454 F.3d 1340 (Fed. Cir. 2006); *United Parcel Service of America, Inc.*, 254 F.3d at 1014.

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2. Analysis.

The Trust's contractual arrangements should be recognized for federal income tax purposes according to their form. As discussed above, the economic substance doctrine does not apply to certain basic business transactions, including a U.S. person's choice between utilizing a foreign corporation or a domestic corporation to make a foreign investment. Although the use of Delaware statutory trusts to invest in real properties is not a transaction that is specifically included in the list of basic business transactions in the Joint Committee Report that are not subject to the economic substance doctrine, the transaction pertaining to "a U.S. person's choice between utilizing a foreign corporation or a domestic corporation to make a foreign investment" speaks to the general issue of how a taxpayer structures investments, such that the type of entity used by a taxpayer to structure an investment (i.e., corporation, partnership, trust) should arguably be considered a basic business transaction that is not relevant and to which the economic substance doctrine is not applicable. Accordingly, the holding by the Beneficial Owners of the Property through the Trust should be treated as a transaction that is not relevant for purposes of Section 7701(o), such that the economic substance doctrine should not apply.

Even if for the sake of argument, however, the holding by the Beneficial Owners of the Property through the Trust were treated as a transaction that is relevant for purposes of Section 7701(o), such transaction should be respected because (i) the Beneficial Owners' economic positions are meaningfully changed as a result of entering into the transactions herein; and (ii) there is a substantial purpose (apart from federal income tax effects) for the Beneficial Owners for entering into the transactions. Such substantial purpose is to enable each Beneficial Owner to be treated as a direct owner of a portion of the Property for federal income tax purposes. Furthermore, each Beneficial Owner's economic position changes in a meaningful way as it will be given an opportunity to own an interest in the Property in a manner that it might not otherwise be able to do on its own accord due to its respective individual financial limitations. In addition, each Beneficial Owner will have a right to its pro rata share of all income and loss generated by the bona fide, profit-seeking business of operating the Property, and the allocation of all economic benefits and burdens associated with the Property will correspond to the respective Interest owned by each Beneficial Owner. For the foregoing reasons, the transactions and contractual arrangements herein should be respected under the economic substance doctrine.

B. Sham Transaction Doctrine.

1. Applicable Rules.

Under the sham transaction doctrine, a transaction may be disregarded if it constitutes a factual sham or an economic sham. A factual sham is a purported transaction that is not executed as a factual matter.[144] In contrast, an economic sham is a transaction that has

[144] *Brown v. Commissioner*, 85 T.C. 968, 1000 (1985), *aff'd sub nom, Sochin v. Commissioner*, 843 F.2d 351 (9th Cir. 1988); Brion D. Graber, *Can the Battle be Won? Compaq, the Sham Transaction Doctrine, and a Critique of Proposals to Combat the Corporate Tax Shelter*

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occurred, but is devoid of economic substance.[145] In general, the economic sham doctrine will not be applied if the taxpayer can prove that there is either a business purpose for, or economic substance to, the given transaction.[146]

The application of any substance-over-form doctrine is extremely fact specific, which has led courts to render somewhat inconsistent rulings in this area. For example, the Third Circuit in *ACM Partnership v. Commissioner* disregarded the capital loss that arose from a complex, multi-step partnership transaction.[147] The court ultimately concluded that the steps involved in the transaction lacked a non-tax economic effect and did not possess a significant non-tax business purpose.[148] The Third Circuit nevertheless recognized that "it is well established that where a transaction objectively affects the taxpayer's net economic position, legal relations, or non-tax business interests, [a transaction] would not be disregarded merely because it was motivated by tax considerations."[149] The transaction at issue in *Boca Investerings Partnership v. United States*[150] was similar to the *ACM* transaction, but the District Court for the District of Columbia respected the partnership transactions at issue in that case. The *Boca* court concluded that the partnership had been formed as a valid investment partnership. It had the potential to make a profit or loss from its activities, and the partners were not sheltered from economic risk or guaranteed a specific return on their respective partnership investments.

The Fifth and Eighth Circuits have held that certain foreign tax credit planning strategies implemented to achieve tax benefits must be recognized under the sham transaction doctrine because the transactions were sufficiently imbued with both economic substance and business purpose. The Fifth Circuit in *Compaq Computer Corporation v. Commissioner*[151] reversed a decision of the Tax Court, and held that a purchase and immediate resale of American depository receipts ("ADRs") of a foreign publicly traded corporation possessed economic substance. Specifically, the court concluded that the transaction had objective economic substance because tax was Compaq's principal, but not

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Dragon, 149 U. Pa. L. Rev. 355, 362-63 (Nov. 2000).

145 *Gregory*, 293 U.S. 465; *Knetsch*, 364 U.S. at 366 ("There may well be single-premium annuity payments with non-tax substance which create an 'indebtedness' for the purposes of Section 23(b) of the 1939 Code and Section 163(a) of the 1954 Code. But this one is a sham."); *Goldstein*, 364 F.2d at 742 ("[T]ransactions that lack all substance, utility, purpose, and which can only be explained on the ground the taxpayer sought an interest deduction in order to reduce his taxes, will also be so transparently arranged that they can candidly be labeled 'shams.'"), *cert. denied*, 385 U.S. 1005 (1967); *Alessandra v. Commissioner*, T.C. Memo 1995-238.

146 *Rice's Toyota World*, 81 T.C. at 203 ("Our analysis does not end here. Mr. Rice's failure to focus on the business or non-tax aspects of the transaction is not necessarily fatal to petitioner's claim. If an objective analysis of the investment indicates a realistic opportunity for economic profit which would justify the form of the transaction, it will not be classified as a sham."); *see also Frank Lyon Co.*, 435 U.S. 561.

147 157 F.3d 231, 263 (3d Cir. 1998).

148 *Id.* at 247.

149 *Id.* at 248, fn. 31.

150 167 F. Supp. 2d 298 (D.D.C. 2001).

151 277 F.3d 778 (5th Cir. 2001), *rev'g*, 113 T.C. 214 (1999).

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sole, purpose in entering into the transaction.[152] As a result, Compaq could credit the foreign taxes associated with the dividend.[153] The Eighth Circuit came to a similar conclusion in *IES Industries, Inc. v. United States*,[154] which reversed a district court decision that a purchase and sale of ADRs were sham transactions.

There are a number of cases in this area that are difficult to reconcile. Nevertheless, the main point that appears to underlie all of the cases is the principal enunciated by Judge Learned Hand in *Gregory v. Helvering* - i.e., that tax motivated transactions are not per se invalid, provided there is some non-tax business purpose for the transaction.[155]

2. Analysis.

The sham transaction doctrine should not apply to the Trust's contractual arrangements because all of the component steps necessary to implement the proposed contractual arrangements will actually occur. Moreover, the economic sham concept should not apply to the instant case because the parties have a business purpose in undertaking the investment in the Interests, and, as discussed above, the transactions will have economic substance. Thus, the sham transaction doctrine should not be applied to recharacterize the contractual arrangements and transactions at issue.

C. The Substance-Over-Form and Step Transaction Doctrines.

1. Applicable Rules.

It is an oft-cited principle that taxpayers generally are free to structure their business transactions as they please, even if motivated by tax avoidance considerations.[156] However, as a general rule, the incidence of taxation depends on the substance rather than the form of a transaction. Under the substance-over-form doctrine, a court should respect the form of a transaction where it accurately reflects the underlying substance. "If, however, the substance and form of a transaction do not comport, then the substance of the transaction controls for purposes of U.S. federal tax law."[157]

In determining whether the form of a transaction reflects the substance of the transaction, a taxpayer's motivations are "largely irrelevant – what instead is important is, in the words

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152 *Id*. at 786-87.

153 *Id*. at 788.

154 *IES Industries, Inc. v. United States*, 253 F.3d 350 (8th Cir. 2001), *rehearing denied sub nom., Alliant Energy Corp. v. United States*, 2001 U.S. App. LEXIS 24929 (8th Cir. 2001) (the facts of Compaq Computer and of IES Industries are in large part identical because the strategy upon which the transactions were based was developed and marketed by the same securities broker).

155 69 F.2d 809, 810 (2d Cir. 1934) ("Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes.") *aff'd*. 293 U.S. 465 (1935).

156 *See Gregory*, 293 U.S. 465 (1935); *Rice's Toyota World*, 81 T.C. at 196.

157 *AWG Leasing Trust v. U.S.*, 592 F. Supp. 2d 953 (N.D. Ohio 2008).

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of *Gregory*, 'what was done.'"[158] "To determine the substance of the transactions, we consider all of their aspects that shed any light upon their true character."[159]

Courts may recharacterize transactions using the substance-over-form doctrine in cases where mere formalities were designed to make a transaction appear to be other than what it was.[160] For example, in *Court Holding*, a corporation entered into an oral agreement to sell its sole asset; however, before the sale was consummated, the corporation's tax attorney advised that the sale would result in the imposition of a large income tax on the corporation. To avoid this tax liability, and upon advice of its tax attorney, the corporation changed the transaction by having the corporation declare a liquidating dividend to its shareholders, and having the shareholders enter into a written agreement with the same purchaser on substantially the same terms and conditions previously agreed upon by the corporation. The Supreme Court affirmed the Tax Court's holding that the sale by the shareholders was in substance a sale by the corporation.

The application of any substance-over-form doctrine is extremely fact specific, which has led courts to render somewhat inconsistent rulings in this area.[161] There are a number of cases in this area that are difficult to reconcile. Nevertheless, as enunciated by Judge Learned Hand in *Gregory v. Helvering*: "Any one may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes."[162]

A subset or derivation of the substance-over-form doctrine is the step transaction doctrine. Courts have applied three separate versions of the so-called "step transaction doctrine" to determine whether purportedly separate steps should be combined as components of a single transaction: (i) the "end result" test, (ii) the "mutual interdependence" test, and (iii) the "binding commitment" test.[163] Nevertheless, the IRS cannot use the step transaction doctrine to invent steps that did not occur or recast a transaction into another transaction with the same number of steps.[164]

The Tax Court applied both the end result and mutual interdependence tests in *Andantech*. In *Andantech*, a U.S. partnership was formed with two non-U.S. partners to cause the foreign partners to recognize a significant portion of the income attributable to a sale-

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158 *Principal Life Ins. Co. & Subs. v. U.S.*, 70 Fed. Cl. 144 (2006).

159 *Communications Satellite Corp. v. U.S.*, 625 F.2d 997, 1000 (1980).

160 *Court Holding Co.*, 324 U.S. 331.

161 *See, e.g., ACM Partnership*, 157 F.3d at 263 (3rd Cir. 1998); *Boca Investerings Partnership*, 167 F. Supp. 2d 298.

162 69 F.2d 809, 810 (2d Cir. 1934) *aff'd*. 293 U.S. 465 (1935).

163 Stephen S. Bowen, *The End Result Test*, 72 TAXES 722 (December 1994).

164 *Esmark, Inc. v. Commissioner*, 90 T.C. 171, 196 (1988) ("Respondent proposes to recharacterize the tender offer/redemption as a sale of the Vickers shares followed by a self-tender. This characterization does not simply combine steps; it invents new ones. Courts have refused to apply step-transaction in this manner"), *aff'd without published opinion*, 886 F.2d 1318 (7th Cir. 1989).

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leaseback transaction that the partnership entered into with Comdisco.[165] Almost all of the partnership interests were then contributed to a U.S. indirect subsidiary of a U.S. bank, so that the bank could enjoy the benefits of the losses (attributable to interest and depreciation) generated by the partnership's lease arrangement with Comdisco.[166] The Tax Court, applying both the end result and mutual interdependence tests, concluded that a more direct characterization of the transaction was a direct sale-leaseback arrangement between Comdisco and the bank's subsidiary.[167] The court analyzed a number of facts in reaching this conclusion, but the salient fact was that all of the parties intended the ultimate result (i.e., that bank's subsidiary would participate in the lease) and the intermediate steps were meaningless apart from tax considerations.

The Second Circuit rejected a somewhat similar argument by the IRS in *Grove v. Commissioner*.[168] The IRS in *Grove* attempted to reorder a donation of stock followed by a redemption as a redemption of the stock followed by a gift of cash.[169] The Tax Court refused to permit the IRS to recast the transaction, reasoning that there was no reason to recast the form of the transaction chosen by the taxpayer, even though the form was tax-motivated.[170] The only effect of the IRS's recast would be to create a tax liability in a transaction form that was no more direct than the form chosen by the taxpayer. Thus, the mere fact that a taxpayer considers the federal income tax effects of a transaction in its planning should not transform a non-taxable event into a taxable event.

2. Analysis.

The contractual arrangements and the transactions at issue should be respected according to their form because their form is consistent with their underlying substance, the acquisition by the Beneficial Owners of an undivided fractional interest in the Property, and there is a substantial business purpose for such form. Moreover, the allocation of all economic benefits and burdens associated with the Property corresponds to the respective Interest in the Trust owned by each Beneficial Owner such that the substance of the economic arrangement among the parties is consistent with the form.

The step transaction doctrine should not be applicable to the Trust's contractual arrangements. In this case, the Purchasers constitute a separate, diverse and unrelated group desiring to acquire a portion of the Property as offered by the Trust under a private

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165 T.C. Memo 2002-97.

166 *Id*.

167 *Id*.

168 490 F.2d 241, 247 (2d Cir. 1973).

169 *Id*. at 245.

170 *Id*. at 247 ("We are not so naive as to believe that tax considerations played no role in Grove's planning. But foresight and planning do not transform a non-taxable event into one that is taxable. Were we to adopt the Commissioner's view, we would be required to recast two actual transactions — a gift by Grove to RPI and a redemption from RPI by the Corporation — into two completely fictional transactions — a redemption from Grove by the Corporation and a gift by Grove to RPI. Based upon the facts as found by the Tax Court we can discover no basis for elevating the Commissioner's 'form' over that employed by the taxpayer in good faith.").

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placement of the Interests. Thus, the ultimate result of the contractual arrangements (i.e., collective ownership of the Property by an unrelated group of Purchasers) can only be achieved if the intermediate steps of (i) the Trust acquiring the Property, and (ii) offering the Interests for sale to the Purchasers is first undertaken. Thus, the step transaction doctrine should not be applied to recharacterize the transaction steps utilized to implement the proposed contractual arrangement. Moreover, even if the IRS were to collapse the transaction steps together, the resulting transaction (a direct purchase of the Property by the Purchasers) should not significantly change the resulting federal income tax effect of the Trust's contractual arrangements.

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A number of issues discussed in this opinion have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Each prospective Purchaser must consult its own tax counsel about the tax consequences of an investment in an Interest, including the tax consequences applicable to such prospective Purchaser under the TCJA.

This opinion is solely for your information and assistance with respect to the sale of Interests in the Property. Each prospective Purchaser is encouraged to consult with his or her tax advisor in determining whether to purchase an Interest. Other than as set forth herein, this opinion may not be relied upon by any other person or for any other purposes, nor may it be quoted from or referred to or copies delivered to any other person without prior written consent. This opinion is not applicable as to any individual tax consequences of a Purchaser or the individual application of the Code Section 1031 rules

to such Purchaser. Our willingness to render the opinion set forth herein neither implies, nor should be viewed as implying, any approval or recommendation of an investment in the Property.

In rendering our opinion, we have considered the applicable provisions of the Code, final, temporary and proposed regulations thereunder, pertinent judicial authorities, interpretive rulings and revenue procedures issued by the IRS and such other authorities as we have considered relevant as of the date of this opinion. It should be noted that statutes, regulations, judicial decisions and administrative interpretations are subject to change at any time and, in some cases, with retroactive effect. This opinion is not binding upon the IRS or courts of applicable jurisdiction, which may disagree with all or any portion of the opinion expressed herein. We undertake no obligation to update the opinions expressed herein after the date of this letter. Furthermore, our opinion is conditioned upon the accuracy and completeness of the representations set forth in the Representation Letter. This opinion does not address any other tax consequences of the acquisition of an Interest.

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This opinion is written to support the promotion and marketing of the proposed transaction, and each prospective Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor.

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We are furnishing this opinion solely in connection with the sale of the Interests described herein. Accordingly, the Trust may only circulate this opinion in connection with the sale of the Interests to potential Purchasers. This opinion may be relied upon by Purchasers in connection with their purchase of Interests, but may not be relied upon, circulated, quoted or otherwise referred to by other persons in connection with any other transaction or arrangement.

Very truly yours,

Baker & McKenzie LLP

Baker & McKenzie LLP

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EXHIBIT E
PURCHASE AGREEMENT

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BLUEROCK Value Exchange™

Investor Questionnaire & Purchase Agreement for DST Interests in BR 79 West, DST

Dear Prospective Purchaser:

Thank you for your interest in the offering of Class 1 beneficial interests in BR 79 West, DST, a Delaware statutory trust ("Interests"), sponsored by Bluerock Value Exchange, LLC. We would like to provide you every opportunity to review the accompanying offering materials before deciding to invest.

In order to complete the closing of this transaction, please provide the following information regarding your desired investment:

Name of Prospective Purchaser: _____
[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: (check all that apply)

☐ 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.

☐ Funds will be wired by my qualified intermediary (the holder of the exchange proceeds from my relinquished property). Requires a call from qualified intermediary to confirm.

☐ Funds will be wired by me. Requires a call from individual to confirm

☐ I have enclosed a **check made payable to BR 79 West, DST**.

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 authorizing signing authority** and should include any and all amendments.

Fillable PDFs are available upon request at 1031@bluerockre.com. Please complete and return all documentation to: Bluerock Value Exchange, LLC (Attn: Investor Relations), 27777 Franklin Road, Suite 900 Southfield, Michigan 48034 or via e-mail to 1031@bluerockre.com.

For questions or assistance, please contact (888) 558-1031 or 1031@bluerockre.com

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BR 79 WEST, DST APPROVAL PAGE

Name of Prospective Purchaser: _____

Broker Dealer Principal or RIA Principal APPROVAL
(A Principal of the Broker Dealer or Registered Investment Advisor must approve and sign below)

☐ **The investment provided for herein is APPROVED.**

Signature: _____ Date: _____

Printed Name: _____

B/D or RIA Name: _____

Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

Financial Advisor APPROVAL AND CERTIFICATION
(Financial Advisor must approve, certify and sign below)

☐ **The investment provided for herein is APPROVED.**

The undersigned Financial Advisor 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. The undersigned 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 description of which has been furnished to **BR 79 WEST, DST** in writing.

Signature: _____ Date: _____

Printed Name: _____

Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

B/D or RIA Name: _____

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BR 79 WEST, DST

Instructions to Investor Questionnaire & Purchase Agreement

IMPORTANT NOTE: PLEASE MAKE SURE THAT ANY CHECKS ARE MADE PAYABLE TO BR 79 WEST, DST. CHECKS MADE PAYABLE TO BLUEROCK VALUE EXCHANGE, LLC WILL NOT BE ACCEPTED.

Please read carefully the Private Placement Memorandum for the beneficial ownership interests ("**Interests**") in **BR 79 WEST, DST**, a Delaware statutory trust, (the "**Seller**"), dated January 13, 2022 (as amended and supplemented from time to time, the "**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 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.

INSTRUCTIONS TO PROSPECTIVE PURCHASERS 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 **Bluerock Value Exchange, LLC (Attn: Investor Relations), 27777 Franklin Road, Suite 900 Southfield, Michigan 48034** or via e-mail to 1031@bluerockre.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 Bluerock Value Exchange, in person or by mail, a check made payable to **BR 79 WEST, 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 Bluerock Value Exchange, in person or by mail, a check made payable to **BR 79 WEST, DST**. If you choose to wire the funds directly, please contact Investor Services at Bluerock Value Exchange (888) 558-1031 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.

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INVESTOR QUESTIONNAIRE

SECTION I – OWNERSHIP AND INVESTMENT INFORMATION

A. IF THE INVESTOR IS AN INDIVIDUAL(S), PLEASE COMPLETE THE FOLLOWING:

Name of Investor: _____

Name of Joint Investor (if applicable): _____

Primary State of residency: _____

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 my spouse (or spousal equivalent[1]), 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 (or spousal equivalent) in excess of $300,000 in each of those years, and I have (individually or with my spouse or spousal equivalent) a reasonable expectation of reaching the same income level in the current year.

_____ _____ I am a natural person holding a Series 7, 65 or 82 license issued by the Financial Industry Regulatory Authority ("**FINRA**"); and whose license remains in good standing.[2]

After completing this page, you may proceed to page 7.

[Remainder of the Page Intentionally Left Blank]

[1] The term "spouse" includes a "spousal equivalent" which is defined as a cohabitant occupying a relationship generally equivalent to that of a spouse.

[2] Investors making this election must enclose with their completed Investor Questionnaire a detailed report from FINRA's BrokerCheck website (https://brokercheck.finra.org/) (i) verifying that the Investor passed a Series 7, Series 65 or Series 82 exam, and (ii) confirming that his or her license remains in good standing

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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 a prospective purchaser 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 grantor of the trust:

_____ _____ Purchaser is a revocable trust: (1) not formed for the specific purpose of acquiring the Interests; (2) with total assets in excess of $5,000,000; and (3) 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 an Interest.

_____ _____ Purchaser is a revocable 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.

_____ _____ 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 (or spousal equivalent), 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 (or spousal equivalent) in excess of $300,000 in each of those years, and who has (individually or with their spouse or spousal equivalent) a reasonable expectation of reaching the same income level in the current year.

Irrevocable Trusts: Please initial the statement below that truthfully describes the prospective purchaser:

_____ _____ Purchaser is an irrevocable trust: (1) not formed for the specific purpose of acquiring the Interests; (2) with total assets in excess of $5,000,000; and (3) 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 an Interest.

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_____ _____ 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 Section II.

C. IF THE PROSPECTIVE PURCHASER IS AN ENTITY (CORPORATION, PARTNERSHIP, LLC), 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 prospective purchaser 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 prospective purchaser 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 prospective purchaser 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 ALL statements below that truthfully describe the prospective purchaser (continued on next page):

_____ _____ Prospective purchaser 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.

_____ _____ The entity **IS NOT** purchasing the Interests with funds that constitute, directly or indirectly, the assets of a "Benefit Plan Investor" (defined below).

The term "Benefit Plan Investor" means a benefit plan investor within the meaning of U.S. Department of Labor Regulation 29 C.F.R. Section 2510.3-101, which includes (i) any employee benefit plan (as defined in Section 3(3) of ERISA), whether or not such plan is subject to Title I of ERISA (which includes both U.S. and Non-U.S. plans, plans of governmental entities as well as private employers, church plans and certain assets held in connection with nonqualified deferred compensation plans); (ii) any plan described in Code Section 4975(e)(1) (which includes a trust described in Code Section 401(a) which forms a part of a plan, which trust or plan is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account described in Code Sections 408(a) or 408A, an individual retirement annuity described in Code Section 408(b), a medical savings account described in Code Section 220(d), and an education individual retirement account described in Code Section 530); and (iii) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (generally because twenty-five percent (25%) or more of a class of interests in the entity is owned by plans). Benefit Plan Investors also include that portion of any insurance company's general account assets that are considered "plan assets" and the assets of any insurance company separate account or bank common or collective trust in which plans invest. One hundred percent (100%) of an investor's Interests whose underlying assets include "plan assets," such as a fund investor, shall be treated as "plan assets" by the Trustees for purposes of meeting an exemption under the Department of Labor regulation.

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Please initial ALL statements below that truthfully describe the prospective purchaser:

____ _____ Prospective purchaser is an entity in which all the equity owners are either:

(c) natural persons whose individual net worth or joint net worth with that person's spouse (or spousal equivalent), 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

(d) 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 (or spousal equivalent) in excess of $300,000 in each of those years, and who have (individually or with their spouse or spousal equivalent) a reasonable expectation of reaching the same income level in the current year.

_____ _____ Prospective purchaser is a corporation, a business, a partnership or 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.

_____ _____ Prospective 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; (6) a Small Business Investment Company licensed by the U.S. Small Business Administration; (7) either (i) registered with the United States Securities and Exchange Commission as an investment adviser or an exempt reporting adviser under Section 203 of the Advisers Act; or (ii) registered as an investment adviser or equivalent under the laws of any state of the United States of America; (8) a "rural business investment company" as defined in Section 384A of the Consolidated Farm and Rural Development Act, as amended; or (9) a "family office" or "family client" (each as defined in Rule 202(a)(11)(G)-1 of the Advisers Act) that (i) has at least $5,000,000 in assets under management; (ii) was not formed for the specific purpose of acquiring the securities offered; and (iii) is directed by a person who has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of acquiring Interests.

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SECTION II – PROSPECTIVE PURCHASER INFORMATION

PROSPECTIVE PURCHASER #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:	

PROSPECTIVE PURCHASER #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.

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SECTION III – PROSPECTIVE PURCHASER 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 Prospective Purchasers of record are required.

_____ _____
Signature of Prospective Purchaser Signature of Co-Prospective Purchaser (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 Prospective Purchaser: _____ Date: _____

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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: _____

Contact Person: _____

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.

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SIGNATURE PAGE TO INVESTOR QUESTIONNAIRE – ALL PROSPECTIVE PURCHASERS 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: _____

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ALL PROSPECTIVE PURCHASERS MUST SIGN THIS PAGE

SIGNATURE PAGE TO THE TRUST AGREEMENT OF BR 79 WEST, 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 **BR 79 WEST, DST**, dated January 13, 2022 (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 PROSPECTIVE PURCHASER(S):

Signature Prospective Purchaser #1	Signature Prospective Purchaser #2
Please Print Name	Please Print Name
Signature Prospective Purchaser #3	Signature Prospective Purchaser #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

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APPENDIX A – TRUST CERTIFICATE

Note: To be completed only by those Prospective Purchasers 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 **BR 79 WEST, 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 **BR 79 WEST, DST** and hold **BR 79 WEST, 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

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APPENDIX B – INCUMBENCY CERTIFICATE

Note: To be completed only by those Prospective Purchasers 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

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APPENDIX C – CORPORATE RESOLUTION

Note: To be completed only by those Prospective Purchasers 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 **BR 79 WEST, DST** (the "Investment");

WHEREAS, that 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 any 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

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APPENDIX D – OFFICER'S CERTIFICATE

Note: To be completed only by those Prospective Purchasers 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 **BR 79 WEST, 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 **BR 79 WEST, DST** and its affiliates.

Dated effective _____, 20_____

By: _____

Name: _____

Title: _____

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APPENDIX E – PARTNERSHIP RESOLUTION

Note: To be completed only by those Prospective Purchasers 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 **BR 79 WEST, DST** (the "Investment");

WHEREAS, that 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 any 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

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APPENDIX F – LIMITED LIABILITY COMPANY RESOLUTION

Note: To be completed only by those Prospective Purchasers 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 **BR 79 WEST, DST** (the "Investment");

WHEREAS, that 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

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PURCHASE AGREEMENT

INSTRUCTIONS

BR 79 WEST, DST, a Delaware statutory trust (the "Seller"), is offering up to $42,387,253 interests ("Interests") to certain qualified persons. The minimum amount of Interests that a Prospective Purchaser completing a Section 1031 tax-deferred exchange (as defined herein) may purchase is $100,000, unless the Seller waives this minimum requirement. The minimum amount of Interests that a Prospective Purchaser making a cash investment without a Section 1031 tax-deferred exchange may purchase is $100,000, unless the Seller waives this minimum requirement. If all Interests cannot be sold, the depositor of the Seller will own the remaining Interests.

No person is authorized to receive the Investor Questionnaire & Purchase Agreement unless it is preceded or accompanied by a copy of the Seller's Memorandum. Reproduction or circulation of these materials, in whole or in part, is prohibited except as specifically provided herein.

If, after you have carefully reviewed the Memorandum, you wish to purchase an Interest, please carefully review and complete the Purchase Agreement that follows. The Seller cannot and will not accept a Purchase Agreement that is missing information or signatures until such information and signatures are provided. The Seller will treat all information confidentially, except as otherwise indicated herein.

The Seller will not evaluate whether the acquisition of Interests offered hereby is suitable for any particular person. **You should consult with your tax and legal advisor prior to purchasing Interests.**

Payment of the purchase price for the Interests may be made by either wiring the funds directly to the Seller (the preferred method), or by delivering to Bluerock Value Exchange, LLC (Attn: Investor Relations), in person or by mail, a check that is made payable to **BR 79 WEST, DST**. If the purchase of an Interest is part of a Section 1031 tax-deferred exchange, payment to the Seller should be coordinated through the qualified intermediary who holds your exchange proceeds from the relinquished property.

The mailing address for all purchases is as follows:

Bluerock Value Exchange, LLC
(Attn: Investor Relations)
27777 Franklin Road, Suite 900
Southfield, Michigan 48034

or via e-mail at 1031@bluerockre.com

The Seller will not accept investments 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, the Seller reserves the right to reject, in its sole discretion, any purchase, for any reason or for no reason. If the Seller rejects your offer to purchase Interests, the Seller will return your payment and related purchase documents.

If you have any questions concerning the Purchase Agreement, or if you need additional copies of the Investor Questionnaire & Purchase Agreement, please call or write **Investor Relations c/o Bluerock Value Exchange, LLC, 27777 Franklin Road, Suite 900, Southfield, Michigan 48034, (888) 558-1031.**

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PURCHASE AGREEMENT OF BR 79 WEST, DST

Up to $42,387,253 of Interests

THIS PURCHASE AGREEMENT (the "**Purchase Agreement**") is made by and between **BR 79 WEST, DST**, a Delaware statutory trust (the "**Seller**") and the undersigned, with reference to the facts set forth below.

RECITALS

A. The Seller owns that certain real property located at 102 Cabana Cay Circle, Panama City Beach, Florida 32413 and commonly known as "79 West" 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 January 13, 2022 (as amended and supplemented from time to time, the "**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 Memorandum. This sale will be made pursuant to the 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 a total cost of $189,760 for each 0.23356% Interest to be acquired, which shall be allocated $100,000 in cash (for each 0.23356% ownership interest in the Seller purchased) and $89,760 in the nature of the attributed Loan debt (for each 0.23356% ownership interest in the Seller purchased). The Interests are being purchased pursuant to the terms and conditions of the Memorandum, receipt of which is hereby acknowledged. Terms not defined herein shall have the same meanings as in the 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 Bluerock Value Exchange, LLC, in person or by mail, a **check made payable to "BR 79 WEST, DST"** for the aggregate purchase price of the Interests. The minimum amount of Interests that a Prospective Purchaser 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 $100,000, unless the Seller waives such requirement. If the purchase of an Interest is part of a Section 1031 tax-deferred exchange, payment shall be coordinated through the undersigned's qualified intermediary who holds the undersigned's exchange proceeds from the relinquished property.

3. Acceptance of Purchase. 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 for the 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.

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:

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(a) The Interests offered by the 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 Memorandum. The undersigned hereby further acknowledges, represents and warrants that:

(i) the undersigned has received the 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 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 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 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 (or spousal equivalent) 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 (or spousal equivalent), 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

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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) or 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 an accredited investor as defined above in subparagraph (A) or (B).

(vii) the undersigned is <u>not</u> purchasing the Interests on behalf of any tax exempt entity, including but not limited to any qualified employee pension or profit sharing trust, any individual retirement account, Simple 401(k) 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

(xii) 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 also are 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 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**

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purposes, including but not limited to whether an Interest is "of like kind" to real estate for purposes of Section 1031 or is "similar or related in service or use" to involuntarily converted property of the undersigned for purposes of Internal Revenue Code section 1033 ("Section 1033"). In addition, the undersigned understands that the tax consequences of an investment in the Interests, especially the qualification of the transaction under Section 1031 or Section 1033 of the Code and the related rules, are complex and vary with the facts and circumstances of each individual. Therefore, the undersigned represents and warrants that he or she: (1) has independently obtained advice from legal counsel and/or accountants about a tax-deferred exchange under Section 1031 or a conversion under Section 1033 and applicable state laws, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange or involuntary conversion, and he or she relying on such advice; (2) understands that the Seller has not obtained a ruling from the IRS addressing the treatment of the Interests in this Offering for income tax purposes, including but not limited to whether an Interest is "of like kind" to real estate for purposes of Section 1031 or is "similar or related in service or use" to involuntarily converted property of the undersigned for purposes of Section 1033; (3) understands that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Section 1031 and the related Section 1031 exchange rules, or under Section 1033 and its underlying rules, are complex and vary with the facts and circumstances of each individual purchaser; and (4) understands that the opinion of Baker & McKenzie LLP, as tax counsel to the Seller, is only Baker & McKenzie LLP's view of the anticipated tax treatment, and there is no guarantee that the IRS will agree with such opinion.

(d) If the undersigned is purchasing the Interests in a representative or fiduciary capacity, e.g., serving as a qualified intermediary, the representations and warranties contained herein (and in any other written statement or document delivered to the Seller in connection herewith) shall be deemed to have been made on behalf of the person or persons for whom the Interests are being purchased.

(e) All information furnished to the Seller by the undersigned is correct and complete as of the date of this Purchase Agreement, and the undersigned will immediately furnish revised or corrected information to the Seller if there should be any material change in this information prior to the Seller completing the Offering.

(f) Within five days after receipt of a request from the Seller, the undersigned hereby agrees to provide such information and to execute and deliver such documents as may be reasonably necessary to comply with any and all laws and ordinances to which the Seller is subject.

(g) The undersigned has not distributed the 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 Memorandum.

(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,

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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. 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.

11. 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.

12. 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.

13. 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 BR 79 WEST, DST, c/o Bluerock Value Exchange, LLC, 27777 Franklin Road, Suite 900, Southfield, Michigan 48034, Attn: Investor Relations, or to the undersigned Prospective 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. Applicable Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of New York as applied to residents of that state executing contracts wholly to be performed in that state.

19. 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 thereof, or any transaction covered hereby shall be resolved, whether by arbitration or otherwise, within the County of New York, State of New York. The parties further agree that any such 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 New York, State of New York.

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20. 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 attorney's fees and other costs incurred in the action or proceeding in addition to any other relief to which they may be entitled.

21. 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 case of an entity) during the three years immediately following the date hereof.

22. 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, 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 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]

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I (we) acknowledge and agree to all of the representations and warranties contained in this Purchase Agreement.

SELLER

Executed this ____ day of _____, 20___

BR 79 WEST, DST, a Delaware Statutory Trust

By: BR 79 West DST Manager, LLC
Its: Manager

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: _____

Signature Page to Purchase Agreement

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EXHIBIT A TO PURCHASE AGREEMENT

Legal Description

The land referred to herein below is situated in the County of Bay, State of FL, and described as follows:

Parcel 1:

Building A including all Parking Areas and Common Areas

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot R/W and the Westerly Boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1,972.97 feet; thence North 89° 05' 44" West, a distance of 434.70 feet; thence North 09° 56' 28" East, a distance of 63.84 feet to the Point of Beginning; thence South 89° 05' 44" East, a distance of 45.00 feet to a point of curve to the right having a radius of 41.00 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc a distance of 42.22 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 40.38 feet to a point of reverse curve to the left having a radius of 6.50 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc, a distance of 6.69 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 6.40 feet; thence South 89° 05' 44" East, a distance of 15.40 feet; thence South 00° 54' 16" West, a distance of 7.50 feet; thence South 89° 05' 44" East, a distance of 229.98 feet to a point of curve to the left having a radius of 51.50 feet and a central angle of 90° 02' 43"; thence Northeasterly along the arc a distance of 80.94 feet, having a chord bearing of North 45° 52' 54" East and a chord distance of 72.86 feet; thence North 00° 51' 33" East, a distance of 382.31 feet to a point of curve to the left having a radius of 21.50 feet and a central angle of 51° 19' 04"; thence Northwesterly along the arc a distance of 19.26 feet, having a chord bearing of North 24° 47' 59" West and a chord distance of 18.62 feet to a point of reverse curve to the right having a radius of 22.5 feet and a central angle of 51° 19' 04"; thence Northwesterly along the arc a distance of 20.15 feet, having a chord bearing of North 24° 47' 59" West and a chord distance of 19.49 feet; thence North 00° 51' 33" East a distance of 45.11 feet; thence North 89° 08' 27" West, a distance of 237.17 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 89° 09' 22" East a radial distance of 10.99 feet; thence Southeasterly along the arc, through a central angle of 89° 59' 05", a distance of 17.26 feet, having a chord bearing of South 44° 08' 55" East and a chord distance of 15.54 feet; thence South 89° 08' 27" East, a distance of 7.77 feet; thence South 00° 51' 33" West a distance of 20.01 feet; thence North 89° 08' 27" West, a distance of 8.92 feet; thence South 45° 51' 33" West a distance of 14.23 feet; thence South 14° 04' 46" East, a distance of 9.47 feet; thence South 76° 13' 02" West, a distance of 16.21 feet; thence South 45° 51' 33" West, a distance of 121.43 feet to a point of curve to the right having a radius of 4.19 feet and a central angle of 164° 55' 31"; thence Northwesterly along the arc a distance of 12.06 feet, having a chord bearing of North 51° 40' 42" West and a chord distance of 8.30 feet; thence North 30° 47' 04" East a distance of 13.32 feet to a point of curve to the left having a radius of 17.91 feet and a central angle of 94° 58' 29"; thence Northerly along the arc a distance of 29.69 feet. having a chord bearing of North 16° 42' 17" West and a chord distance of 26.40 feet to the beginning of a curve to the right of which the radius point lies North 25° 48' 33" East, a radial distance of 59.79 feet; thence Northwesterly along the arc, through a central angle of 14° 28' 48", a distance of 15.11 feet, having a chord bearing of North 56° 57' 06" West and a chord distance of 15.07 feet to a point of reverse curve to the left having a radius of 14.24 feet and a central angle of 39° 00' 50"; thence Westerly along the arc a distance of 9.70 feet, having a chord bearing of North 69° 13' 10" West and a chord distance of 9.51 feet; thence South 00 6 51’33" West a distance of 395.32 feet to the Point of Beginning.

Building B including all Parking Areas and Common Areas

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot R/W and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1427.13 feet; thence North 89° 08' 27" West a distance of 58.49 feet to the point of beginning; thence North 00° 51' 33" East, a distance of 45.11 feet to a point of curve to the right having a radius of 22.00 feet and a central angle of 49° 42' 25"; thence Northeasterly along the arc a distance of 19.09 feet, having a chord bearing of North 26° 45' 31" East and a chord distance of 18.49 feet to a point of reverse curve to the left having a radius of 22.00 feet and a central angle of 51° 53' 25"; thence Northeasterly along the arc, a distance of 19.92 feet, having a

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chord bearing of North 26° 48' 15" East and a chord distance of 19.25 feet; thence North 00° 51' 33" East a distance of 324.94 feet; thence North 89° 08' 27" West, a distance of 463.24 feet; thence South 00° 51' 33" West, a distance of 307.92 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 01° 09' 24" West a radial distance of27.54 feet; thence Northeasterly along the arc, through a central angle of 47° 33' 39", a distance of 22.86 feet, having a chord bearing of North 65° 03' 47" East and a chord distance of 22.21 feet to a point of compound curve to the left having a radius of 14.00 feet and a central angle of 74° 21' 08"; thence Northerly along the arc, a distance of 18.17 feet, having a chord bearing of North 04° 06' 23" East and a chord distance of 16.92 feet to a point of reverse curve to the right having a radius of 66.00 feet and a central angle of 14° 40' 23"; thence Northwesterly along the arc, a distance of 16.90 feet, having a chord bearing of North 25° 42' 35" West and a chord distance of 16.86 feet; thence North 71° 36' 15" East a distance of 0.01 feet to the point of curve of a non-tangent curve to the right of which the radius point lies North 71° 36' 15" East, a radial distance of 4.58 feet; thence Northeasterly along the arc, through a central angle of 154° 24' 42"; thence Northeasterly along the arc, a distance of 12.35 feet, having a chord bearing of North 58° 43' 02" East and a chord distance of 8.94 feet; thence South 44° 08' 27" East a distance of 157.64 feet; thence South 89° 08' 27" East a distance of 95.88 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence North 89° 08' 27" West a distance of 7.77 feet to a point of curve to the left having a radius of 10.99 feet and a central angle of 90° 00' 55"; thence Southwesterly along the arc a distance of 17.27 feet, having a chord bearing of South 45° 51' 05" West and a chord distance of 15.55 feet; thence South 89° 08' 27" East a distance of 237.17 feet to the Point of Beginning.

Parcel 2:

Tract I

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1,972.97 feet; thence North 89° 05' 44" West, a distance of 434.70 feet; thence North 09° 58' 12" East, a distance of 63.84 feet to the point of beginning; thence North 89° 05' 44" West, a distance of 45.08 feet to a point of curve to the left having a radius of 41.00 feet and a central angle of 58° 00' 30"; thence Southwesterly along the arc a distance of 41.51 feet, having a chord bearing of South 61° 54' 01" West and a chord distance of 39.76 feet to a point of reverse curve to the right having a radius of 8.00 feet and a central angle of 58° 00' 30"; thence SouthWesterly along the arc, a distance of 8.10 feet, having a chord bearing of South 61° 54' 01" West and a chord distance of 7.76 feet; thence North 89° 05' 44" West, a distance of 250.42 feet to a point of curve to the right having a radius of 44.00 feet and a central angle of 89° 56' 11"; thence Northwesterly along the arc a distance of 69.07 feet, having a chord bearing of North 44° 07' 39" West and a chord distance of 62.19 feet; thence North 00° 50' 27" East, a distance of 375.74 feet to a point of curve to the left having a radius of 118.00 feet and a central angle of 29° 10' 56"; thence Northerly along the arc a distance of 60.10 feet, having a chord bearing of North 13° 45' 01" West and a chord distance of 59.45 feet; thence North 45° 51' 33" East, a distance of 39.57 feet; thence South 89° 08' 27" East, a distance of 167.21 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 89° 07' 35" West, a radial distance of 10.99 feet; thence Southwesterly along the arc, through a central angle of 89° 59' 07", a distance of 17.27 feet, having a chord bearing of South 45° 51' 59" West and a chord distance of 15.55 feet; thence North 89° 08' 27" West, a distance of 7.77 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence South 89° 08' 27" East, a distance of 80.75 feet; thence South 44° 08' 27" East, a distance of 154.40 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 45° 23' 57" East, a radial distance of 4.06 feet; thence Northeasterly along the arc, through a central angle of 163° 52' 44", a distance of 11.61 feet, having a chord bearing of North 53° 27' 31" East and a chord distance of 8.04 feet; thence North 28° 14' 14" West, a distance of 13.90 feet to a point of curve to the right having a radius of 17.91 feet and a central angle of 94° 58' 51"; thence Northerly along the arc a distance of 29.69 feet, having a chord bearing of North 19° 15' 12" East and a chord distance of 26.40 feet to the beginning of a curve to the left, of which the radius point lies North 23° 15' 42" West, a radial distance of 59.79 feet; thence Northeasterly along the arc, through a central angle of 14° 28' 42", a distance of 15.11 feet to a point of reverse curve to the right having a radius of 14.24 feet and a central angle of 39° 00' 50" ; thence Easterly along the arc, a distance of 9.70 feet, having a chord bearing of North 71° 46' 00" East and a chord distance of 9.51 feet; thence South 00° 51' 33" West, a distance of 395.32 feet to the Point of Beginning.

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Parcel 3:

Tract IV

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1023.13 feet; thence North 89° 08' 27" West a distance of 505.23 feet to the point of beginning; thence South 00° 51' 33" West, a distance of 307.92 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 01° 09' 24" West a radial distance of 27.54 feet; thence Westerly along the arc, through a central angle of 44° 44' 08", a distance of 21.50 feet, having a chord bearing of North 68° 47' 20" West and a chord distance of 20.96 feet to a point of compound curve to the right having a radius of 14.00 feet and a central angle of 82° 13' 37"; thence Northerly along the arc, a distance of 20.09 feet, having a chord bearing of North 05° 18' 28'' West and a chord distance of 18.41 feet to a point of reverse curve to the left having a radius of 66.00 feet and a central angle of 15° 41' 02"; thence Northeasterly along the arc, a distance of 18.07 feet, having a chord bearing of North 27° 57' 50" East and a chord distance of 18.01 feet to a point of curve of a non tangent curve to the left, of which the radius point lies North 69° 52' 41" West, a radial distance of 4.59 feet; thence Northwesterly along the arc, through a central angle of 154° 15' 47", a distance of 12.37 feet, having a chord bearing of North 57° 00' 34" West and a chord distance of 8.96 feet; thence South 45° 51' 33" West, a distance of 157.64 feet; thence North 89° 08' 27" West, a distance of 6.63 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence South 89° 08'27" East a distance of 7.77 feet to a point of curve to the right having a radius of 10.99 feet and a central angle of 90° 00' 53"; thence Southeasterly along the arc a distance of 17.27 feet, having a chord bearing of South 44° 08' 01" East and a chord distance of 15.55 feet; thence North 89° 08' 27" West, a distance of 167.21 feet; thence South 45° 51' 33" West, a distance of 39.57 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 61° 39' 31" West, a radial distance of 118.00 feet; thence Northwesterly along the arc, through a central angle of 33° 17' 34", a distance of 68.57 feet, having a chord bearing of North 44° 59' 16" West and a chord distance of 67.61 feet; thence North 61° 38' 03" West, a distance of 61.40 feet to the beginning of a curve to the right, of which the radius point lies North 28° 21' 57" East, a radial distance of 84.00 feet; thence Northwesterly along the arc, through a central angle of 62° 27' 50", a distance of 91.58 feet; thence North 00° 49' 47" East, a distance of 282.07 feet; thence South 89° 08' 27" East, a distance of 463.84 feet to the Point of Beginning.

Parcel 4:

Ingress/Egress Parcel "A"

Beneficial easements as set forth in exhibit f to that certain Easement Agreement recorded March 2, 2005 in Official Records Book 2571 Page 1332, of the Public Records of Bay County, Florida, as follows:

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West a distance of 1023.13 feet to the point of beginning; thence continue Southerly along said line, a distance of 949.84 feet; thence North 89° 05' 44" West, a distance of 845.62 feet; thence North 00° 50' 27" East, a distance of 492.17 feet; thence North 61° 19' 33" West, a distance of 184.43 feet; thence North 00° 49' 47" East, a distance of 370.94 feet; thence South 89° 08' 27" East, a distance of 40.01 feet; thence South 00° 49' 47" West, a distance of 282.07 feet to a point of curve to the left having a radius of 84.00 feet and a central angle of 62° 27' 50"; thence Southeasterly along the arc a distance of 91.58 feet, having a chord bearing of South 30° 24' 08" East and a chord distance of 87.11 feet; thence South 51° 38' 03" East a distance of 51.40 feet to a point of curve to the right having a radius of 118.00 feet and a central angle of 62° 28' 30" ; thence Southeasterly along the arc a distance of 128.67 feet. having a chord bearing of South 30° 23' 48" East and a chord distance of 122.39 feet; thence South 00° 50' 27" West, a distance of 375.74 feet to a point of curve to the left having a radius of 44.00 feet and a central angle of 89° 56' 11"; thence Southeasterly along the arc a distance of 59.07 feet, having a chord bearing of South 44° 07' 39" East and a chord distance of 62.19 feet; thence South 89° 05' 44" East, a distance of 250.42 feet to a point of curve to the left having a radius of 8.00 feet and a central angle of 58° 00' 30"; thence Northeasterly along the arc a distance of 8.10 feet, having a chord bearing of North 61° 54' 01" East and a chord distance of 7.76 feet to a point of reverse curve to the right having a radius of 41.00 feet and a central angle of 58° 00' 30"; thence Northeasterly along the arc, a

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distance of 41.51 feet, having a chord bearing of North 61° 54' 01" East and a chord distance of 39.76 feet; thence South 89° 05' 44" East, a distance of 90.08 feet to a point of curve to the right having a radius of 41.00 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc a distance of 42.22 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 40.38 feet to a point of reverse curve to the left having a radius of 6.50 feet and a central angle of 59° 00' 06"; thence Southeasterly along the arc, a distance of 6.69 feet, having a chord bearing of South 59° 35' 41" East and a chord distance of 6.40 feet; thence South 89° 05' 44" East, a distance of 244.88 feet to a point of curve to the left having a radius of 44.00 feet and a central angle of 90° 02' 43"; thence Northeasterly along the arc a distance of 69.15 feet, having a chord bearing of North 45° 52' 55" East and a chord distance of 62.25 feet; thence North 00° 51' 33" East a distance of 382.71 feet to a point of curve to the left having a radius of 14.00 feet and a central angle of 50° 28' 44"; thence Northwesterly along the arc a distance of 12.33 feet, having a chord bearing of North 24° 22' 49" West and a chord distance of 11.94 feet to a point of reverse curve to the right having a radius of 30.00 feet and a central angle of 50° 28' 44"; thence Northwesterly along the arc, a distance of 26.43 feet, having a chord bearing of North 24° 22' 49" West and a chord distance of 25.58 feet; thence North 00° 51' 33" East, a distance of 90.22 feet to a point of curve to the right having a radius of 30.00 feet and a central angle of 50° 28' 44"; thence Northeasterly along the arc a distance of 26.43 feet, having a chord bearing of North 26° 05' 55" East and a chord distance of 25.58 feet to a point of reverse curve to the left having a radius of 14.00 feet and a central angle of 50° 28' 44"; thence Northeasterly along the arc, a distance of 12.33 feet, having a chord bearing of North 26° 05' 55" East and a chord distance of 11.94 feet; thence North 00° 51' 33" East a distance of 324.94 feet; thence South 89° 08' 27" East, a distance of 49.99 feet to the Point of Beginning.

Parcel 5:

Pool Tract

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway -200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00° 51' 33" West, a distance of 1,972.97 feet; thence North 89° 05' 44" West, a distance of 434.70 feet; thence North 09° 58' 12" East, a distance of 63.84 feet; thence North 00° 51' 33" East, a distance of 395.32 feet to the point of beginning and the beginning of a curve to the left, of which the radius point lies South 01° 16' 25" West, a radial distance or 14.24 feet; thence Westerly along the arc, through a central angle of 39° 00' 50", a distance of 9.70 feet to a point of reverse curve to the right having a radius of 59.79 feet and a central angle of 14° 28' 42"; thence Southwesterly along the arc, a distance of 15.11 feet, having a chord bearing of South 59° 29' 56" West and a chord distance of 15.07 feet; thence due North, a distance of 0.00 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 23° 15' 22" East, a radial distance of 17.91 feet; thence Southerly along the arc, through a central angle of 94° 58' 51", a distance of 29.69 feet, having a chord bearing of South 19° 15' 13" West and a chord distance of 26.41 feet; thence South 28° 14' 14" East, a distance of 13.90 feet to the point of curve of a non tangent curve to the right, of which the radius point lies South 61° 31' 13" West, a radial distance of 4.06 feet; thence Southwesterly along the arc, through a central angle of 163° 52' 44", a distance of 11.61 feet, having a chord bearing of South 53° 27' 35" West and a chord distance of 8.04 feet; thence North 44° 08' 27" West, a distance of 154.40 feet; thence North 89° 08' 27" West, a distance of 80.75 feet; thence North 00° 51' 33" East, a distance of 20.01 feet; thence South 89° 08' 27" East, a distance of 7.77 feet to a point of curve to the left having a radius of 10.99 feet and a central angle of 89° 59' 07"; thence Northeasterly along the arc a distance of 17.26 feet, having a chord bearing of North 45° 52' 00" East and a chord distance of 15.54 feet; thence continue Northwesterly along said curve through a central angle of 90° 00' 53", a distance of 17.27 feet, having a chord bearing of North 44° 08' 01" West and a chord distance of 15.54 feet; thence North 89° 08' 27" West, a distance of 7.77 feet; thence North 00° 51' 33" East, a distance of 20.01 feet; thence South 89° 08' 27" East, a distance of 6.63 feet; thence North 45° 51' 33" East, a distance of 157.64 feet to a point of curve to the right having a radius of 4.59 feet and a central angle of 154° 15' 18"; thence Southeasterly along the arc a distance of 12.36 feet, having a chord bearing of South 57° 00' 34" East and a chord distance of 8.95 feet; thence due North, a distance of 0.00 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 69° 52' 41" West a radial distance of 66.00 feet; thence Southwesterly along the arc, through a central angle of 15° 41' 02", a distance of 18.07 feet, having a chord bearing of South 27° 57' 50" West and a chord distance of 18.01 feet to a point of reverse curve to the left having a radius of 14.00 feet and a central angle of 82° 13' 37"; thence Southerly along the arc a distance of 20.09 feet, having a chord bearing of South 05° 18' 28" East and a chord distance of 18.41 feet to a point of compound curve to the left having a radius of 27.54 feet and a central angle of 44° 44' 08"; thence Easterly along the arc, a distance of 21.50 feet,

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having a chord bearing of South 68° 47' 20" East and a chord distance of 20.96 feet, thence continue Northeasterly along said curve through a central angle of 47° 33' 39", a distance of 22.86 feet, having a chord bearing of North 65° 03' 47" East and a chord distance of 22.21 feet to a point of compound curve to the left having a radius of 14.00 feet and a central angle of 74° 21' 08"; thence Northerly along the arc, a distance of 18.17 feet, having a chord bearing of North 04° 06' 23" East and a chord distance of 16.92 feet to a point of reverse curve to the right having a radius of 66.00 feet and a central angle of 14° 40' 26"; thence Northwesterly along the arc, a distance of 16.90 feet, having a chord bearing of North 25° 43' 58" West and a chord distance of 16.86 feet; thence North 71° 36' 15" East, a distance of 0.01 feet to the point of curve of a non tangent curve to the right of which the radius point lies North 71° 36' 15" East, a radial distance of 4.59 feet; thence Northeasterly along the arc, through a central angle of 154° 15' 18", a distance of 12.36 feet, having a chord bearing of North 58° 43' 54" East and a chord distance of 8.95 feet; thence South 44° 08' 27" East, a distance of 157.64 feet; thence South 89° 08' 27" East, a distance of 95.88 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence North 89° 08' 27" West, a distance of 7.77 feet to a point of curve to the left having a radius of 10.99 feet and a central angle of 90° 00' 55"; thence Southwesterly along the arc a distance of 17.27 feet, having a chord bearing of South 45° 51' 06" West and a chord distance of 15.54 feet; thence continue Southeasterly along said curve through a central angle of 89° 59' 05" a distance of 17.26 feet, having a chord bearing of South 44° 08' 55" East and a chord distance of 15.54 feet; thence South 89° 08' 27" East, a distance of 7.77 feet; thence South 00° 51' 33" West, a distance of 20.01 feet; thence North 89° 08' 27" West, a distance of 8.92 feet; thence South 45° 51' 33" West, a distance of 154.40 feet to a point of curve to the right having a radius of 4.19 feet and a central angle of 164° 55' 31"; thence Northwesterly along the arc a distance of 12.06 feet, having a chord bearing of North 51° 40' 42" West and a chord distance of 8.31 feet; thence North 30° 47' 04" East a distance of 13.32 feet to a point of curve to the left having a radius of 17.91 feet end a central angle of 94° 58' 51"; thence Northerly along the arc a distance of 29.69 feet, having a chord bearing of North 16° 42' 22" West and a chord distance of 26.41 feet; thence due North, a distance of 0.00 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 25° 48' 33" East, a radial distance of 59.79 feet; thence Northwesterly along the arc, through a central angle of 14° 28' 42" North , a distance of 15.11 feet, having a chord bearing of North 56° 57' 06" West and a chord distance of 15.07 feet to a point of reverse curve to the left having a radius of 14.24 feet and a central angle of 39° 00' 50"; thence Westerly along the arc, a distance of 9.70 feet, having a chord bearing of North 69° 13' 101" West and a chord distance of 9.51 feet to the Point of Beginning.

Parcel 6:

Beneficial Easements granted in that certain Easement Agreement by and between Cabana Cay, LLC, a Florida limited liability company, Gulf Destination Enterprise, Inc., a Florida corporation, PCB investments, L.L.C., a Florida limited liability company and F&J investments, L.L.C., a Florida limited liability company dated March 1, 2005, recorded March 2, 2005, and recorded in Official Records Book 2571, Page 1332, of the Public Records of Bay County, Florida.

For lands more fully described as follows:

Legal description - Ingress/Egress Parcel "B"

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 221.13 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 505.23 feet to the Point of Beginning; thence North 89 degrees 08 minutes 27 seconds West, a distance of 464.26 feet; thence South 00 degrees 49 minutes 47 seconds West, a distance of 396.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 40.01 feet; thence North 00 degrees 49 minutes 47 seconds East, a distance of 415.24 feet; thence South 67 degrees 42 minutes 35 seconds East, a distance of 16.38 feet; thence North 00 degrees 48 minutes 42 seconds East, a distance of 41.24 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 489.07 feet; thence South 01 degrees 51 minutes 33 seconds West, a distance of 54.30 feet to the Point of Beginning

Legal description - Ingress/Egress Parcel "C"

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Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 221.13 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 969.49 feet; thence South 00 degrees 49 minutes 47 seconds West, a distance of 396.00 feet to the point of beginning; thence South 00 degrees 49 minutes 47 seconds West, a distance of 406.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 40.01 feet; thence North 00 degrees 49 minutes 47 seconds East, a distance of 406.00 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 40.01 feet to the Point of Beginning.

Legal description - Ingress/Egress Parcel "D"

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 617.13 feet to the Point of Beginning; thence South 00 degrees 51 minutes 33 seconds West, a distance of 406.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 49.99 feet; thence North 00 degrees 51 minutes 33 seconds East, a distance of 406.00 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 49.99 feet to the Point of Beginning.

Legal Description - Ingress/Egress Parcel "E”

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida, being the point of beginning; thence South 00 degrees 51 minutes 33 seconds West, a distance of 617.13 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 49.99 feet; thence North 01 degree 51 minutes 33 seconds East, a distance of 396.00 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 455.24 feet; thence North 01 degree 51 minutes 33 seconds East, a distance of 54.30 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 455.24 feet; thence North 00 degrees 51 minutes 33 seconds East, a distance of 186.53 feet; thence South 67 degrees 37 minutes 54 seconds East, a distance of 53.73 to the Point of Beginning.

Parcel 7:

Beneficial Easements in that certain Ingress/Egress Easement Agreement by and between Cabana Beach Club, L.L.C., a Florida limited liability company, and Cabana Cay Investments, LLC, an Ohio limited liability company, dated March 1, 2005, recorded March 2, 2005 in Official Records Book 2571, Page 1402, of the Public Records of Bay County, Florida.

For lands more fully described as follows:

Legal description - Tract A

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 523.60 feet to the point of beginning; said point also being the beginning of a curve to the right, of which the radius point lies South 89 degrees 40 minutes 42 seconds West, a radial distance of 41.00 feet; thence SouthWesterly along the arc, through a central angle of 57 degrees 23 minutes 54 seconds, a distance of 41.07 feet; thence South 00 degrees 51 minutes 33 seconds West, a distance of 81.06 feet; thence South 04 degrees 04 minutes 32 seconds West, a distance of 134.13 feet; thence South 00 degrees 54 minutes 02 seconds West, a distance of 57.43 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 86 degrees 58 minutes 40 seconds East, a radial distance of 102.69 feet; thence Southerly along the arc, through a central angle of 11 degrees 59 minutes 27 seconds, a distance of 21.49 feet, having a chord bearing of South 09 degrees 01 minutes 03 seconds East and a chord distance of 21.45 feet to a point of compound curve to the left having a radius of 20.00 feet and a

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central angle of 74 degrees 07 minutes 41 seconds; thence Southeasterly along the arc, a distance of 25.88 feet, having a chord bearing of South 52 degrees 04 minutes 37 seconds East and a chord distance of 24.11 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 90.58 feet; thence South 01 degrees 03 minutes 11 seconds West, a distance of 179.58 feet; thence North 61 degrees 20 minutes 38 seconds West, a distance of 45.14 feet; thence North 01 degree 03 minutes 11 seconds East, a distance of 118.53 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 60.08 to a point of curve to the right having a radius of 60.00 feet and a central angle of 90 degrees 05 minutes 35 seconds; thence Northwesterly along the arc a distance of 94.35 feet, having a chord bearing of North 44 degrees 05 minutes 40 seconds West and a chord distance of 84.92 feet; thence North 00 degrees 57 minutes 08 seconds East, a distance of 295.23 feet to the point of curve of a non tangent curve to the right, of which the radius point lies North 50 degrees 00 minutes 30 seconds East, a radial distance of 41.00 feet; thence Northerly along the arc, through a central angle of 40 degrees 05 minutes 10 seconds, a distance of 28.69 feet, having a chord bearing of North 18 degrees 55 minutes 07 seconds West and a chord distance of 28.40 feet; thence South 89 degrees 05 minutes 44 seconds East, a distance of 81.98 feet to the Point of Beginning.

Legal description - Tract B

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 008, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 434.70 feet to the point of beginning; thence South 01 degrees 03 minutes 11 seconds West, a distance of 342.92 feet; thence North 89 degrees 08 minutes 27 seconds West, a distance of 90.58 feet to a point of curve to the right having a radius of 20.00 feet and a central angle of 74 degrees 07 minutes 41 seconds; thence Northwesterly along the arc a distance of 25.88 feet, having a chord bearing of North 52 degrees 04 minutes 37 seconds West and a chord distance of 24.11 feet to a point of compound curve to the right having a radius of 102.69 feet and a central angle of 11 degrees 59 minutes 27 seconds; thence Northerly along the arc, a distance of 21.49 feet, having a chord bearing of North 09 degrees 01 minutes 03 seconds West and a chord distance of 21.45 feet; thence North 00 degrees 54 minutes 02 seconds East, a distance of 57.43 feet; thence North 04 degrees 04 minutes 32 seconds East, a distance of 134.13 feet; thence North 00 degrees 51 minutes 33 seconds East, a distance of 81.06 feet to the point of curve of a non tangent curve to the left, of which the radius point lies North 32 degrees 55 minutes 24 seconds West, a radial distance of 41.00 feet; thence Northeasterly along the arc, through a central angle of 57 degrees 23 minutes 54 seconds, a distance of 41.07 feet, having a chord bearing of North 28 degrees 22 minutes 39 seconds East and a chord distance of 39.38 feet; thence South 89 degrees 05 minutes 44 seconds East, a distance of 88.90 feet to the Point of Beginning.

Legal description - Tract C

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay County, Florida; thence South 00 degrees 51 minutes 33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 434.70 feet; thence South 01 degrees 03 minutes 11 seconds West, a distance of 552.50 feet; thence North 61 degrees 20 minutes 38 seconds West, a distance of 45.14 feet to the point of beginning; thence continue North 61 degrees 20 minutes 38 seconds West along said line, a distance of 135.50 feet; thence North 00 degrees 57 minutes 08 seconds East, a distance of 115.43 feet to the point of curve of a non tangent curve to the left, of which the radius point lies South 89 degrees 02 minutes 52 seconds East, a radial distance of 60.00 feet; thence Southeasterly along the arc, through a central angle of 90 degrees 05 minutes 35 seconds, a distance of 94.35 feet, having a chord bearing of South 44 degrees 05 minutes 40 seconds East and a chord distance of 84.92 feet; thence South 89 degrees 08 minutes 27 seconds East, a distance of 60.08 feet; thence South 01 degree 03 minutes 11 seconds West, a distance of 118.53 feet to the Point of Beginning.

Legal description - Tract D

Commence at the intersection of the Southerly right-of-way (r/w) of State Road 30-A (Panama City Beach Parkway - 200 foot r/w) and the Westerly boundary of El Centro Beach, according to the official subdivision plat thereof as recorded in Plat Book 9, Page 8, in the Public Records of Bay county, Florida; thence South 00 degrees 51 minutes

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33 seconds West, a distance of 1,972.97 feet; thence North 89 degrees 05 minutes 44 seconds West, a distance of 605.58 feet to the point of beginning; said point also being the beginning of a curve to the left, of which the radius point lies South 87 degrees 52 minutes 10 seconds East, a radial distance of 41.00 feet; thence Southerly along the arc, through a central angle of 40 degrees 05 minutes 10 seconds, a distance of 28.69 feet; thence South 00 degrees 57 minutes 08 seconds West, a distance of 111.43 feet; thence North 61 degrees 20 minutes 38 seconds West, a distance of 282.42 feet; thence North 00 degrees 50 minutes 27 seconds East, a distance of 7.65 feet; thence South 89 degrees 05 minutes 44 seconds East, a distance of 240.04 feet to the Point of Beginning.

East Beach Access Parcel

Beneficial Easements as set forth in paragraph 4 of exhibit a to that certain Warranty Deed and Easement Agreement recorded June 15, 2000 in Official RecordsBbook 1953, Page 1835, as redefined in that certain Easement Agreement recorded March 2, 2005 in Official Records Book Book 2571 Page 1332, of the Public Records of Bay County, Florida, as follows:

Commencing at the intersection of the West line of Section 18, Township 03 South, Range 16 West, Bay County, Florida and the Southerly right-of-way (r/w) of Front Beach Road (U.S. Highway 98 -State Highway 30 - 100 foot r/w); thence along said r/w, South 61 degrees 06 minutes 16 seconds East, a distance of 999.27 feet to the point of beginning; thence continue along said r/w, South 61 degrees 06 minutes 44 seconds West, a distance of 8.03 feet; thence leaving said r/w, South 28 degrees 53 minutes 44 seconds West, a distance of 228 feet, more or less, to the waters edge of the gulf of Mexico; thence along said waters edge, Northwesterly, a distance of 8.03 feet, more or less; thence North 28 degrees 53 minutes 44 seconds East, a distance of 228 feet, more or less, to said r/w and the Point of Beginning.

West Beach Access Parcel

Beneficial Easements as set forth in paragraph 3 of exhibit a to that certain Warranty Deed and Easement Agreement recorded June 15, 2000 in Official Records Book 1953, page 1835, as redefined in that certain Easement Agreement recorded March 2, 2005 in Official Records Book 2571 Page 1332, of the Public Records of Bay County, Florida, as follows:

Commencing at the intersection of the West line of Section 18, Township 03 South, Range 16 West, Bay County, Florida and the Southerly right-of-way (r/w) of Front Beach Road (U.S. Highway 98 -State Highway 30 - 100 foot r/w); thence along said r/w South 61 degrees 06 minutes 16 seconds East, a distance of 576.90 feet to the point of beginning; thence continue along said r/w South 61 degrees 06 minutes 16 seconds East, a distance of 7.81 feet; thence leaving said r/w, South 28 degrees 53 minutes 44 seconds West, a distance of 228 feet, more or less, to the water's edge of the gulf of Mexico; thence along said waters edge Northwesterly, a distance of 7.81 feet, more or less; thence leaving said waters edge, North 28 degrees 53 minutes 44 seconds East, a distance of 228 feet, more or less, to said r/w and the Point of Beginning.

North Beach Access Parcel

Rights contained in that certain Ingress and Egress Easement recorded in Official Records Book 1692, Page 330, of the Public Records of Bay County, Florida, for lands more fully described as follows:

The Westerly Six (6) feet of the following described property:

Commence at a point where the North r/w line of U.S. Highway 98 intersects the West line of Section 18, Township 3 South, Range 16 West; thence Southeasterly along said r/w line 534.25 feet to the point of beginning; thence North 300 feet; thence Southeasterly parallel to said Highway 98, 108.64 feet; thence South 300 feet to said North r/w line; thence Northwesterly along said r/w line 108.64 feet to the Point of Beginning.

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APPENDIX I – FINANCIAL FORECAST

The following Financial Forecast is intended to supplement the disclosures contained in this Memorandum. The Financial Forecast was prepared based upon our assumptions, including current estimates of income and expenses relating to the operation of the Property. We believe these assumptions to be reasonable and are not aware of any material factors other than as set forth in the Memorandum of which this Appendix forms a part that would cause the financial information not to be necessarily indicative of future operating results. However, if the assumptions with respect to the Property do not prove correct, the Property will have difficulty in achieving its anticipated results. Some of the other underlying assumptions inevitably may not materialize and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the period covered is likely to vary from the Financial Forecast, and the variation may be material. As a result, your rate of return may be higher or lower than that set forth. Your return on your investment in the Interests will depend upon economic factors and conditions beyond our control.

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Assumptions and Notes for the Forecast

1. The Trust acquired the Property on January 13th, 2022 from the seller of the Property, BW 79 West Owner, LLC, a Delaware limited liability company (the **Seller**). The transaction was arms-length with a third party, unaffiliated with the Sponsor. The base contract price was $70,600,000, excluding costs and fees to close directly or indirectly incurred by the Trust and as noted below and in the Projections. The Trust financed its acquisition of the Property with (a) a $38,431,000 first mortgage loan from Keybank National Association under the Federal National Mortgage Association (Fannie Mae) Delegated Underwriting and Servicing (DUS) loan program, and (b) with the cash portion of the Depositor Contribution to the Trust, including proceeds of the Bridge Financing, in the amount of $28,000,000. The Loan requires the Trust to make monthly, interest-only payments, calculated on the basis of a 360-day year, in an annual amount equal to approximately $101,031-$111,856, on each payment date through February 1, 2029. Commencing on March 1, 2029, the Loan will be payable in 36 consecutive monthly principal and interest payments of approximately $170,008 each. The carry costs on the Bridge Financing over the projected 4-month sellout period are projected to have a blended rate of approximately 5.11% per annum, or approximately $582,217 as projected. The total cost of acquiring the Property, including the contract price, transactional closing costs, fees and financing closing costs was $73,686,984.

2. The difference between the contract price payable to Seller, $70,600,000, and the total proceeds of $80,818,253 from the Offering, including Depositor's share of the Interests, represents all estimated costs and expenses related to the Offering, marketing, and transferring of the Interests, the amount of the Supplemental Reserve Account (defined below), other Trust reserves and escrows and the payment of the Acquisition Fee in the amount of $1,412,000. The annualized cash on cash return is calculated based on the $42,387,253 of Class 1 Interests being sold to Investors (99% ownership of the Trust).

3. The income forecast for the Property is based on the rent roll, recent leases, market conditions and miscellaneous income of $424,934 for the forward 12 months ended January 2023. Underlying assumptions include (1) a vacancy factor of 5.0% for 2022, 6.5% for 2023, and 5.0% thereafter; (2) a residential rent general inflation of 3.0% for 2022, 1.5% for 2023, and 3.0% thereafter; (3) fee-based and utility reimbursement income with a general inflation factor of 2.75%; (4) controllable expenses (consisting of payroll, maintenance and repairs, landscaping and turnover, and marketing and administration expenses) based on a general inflation factor of 2.75%; and (5) uncontrollable expenses (consisting of utilities, taxes, and insurance) based on a general inflation factor of 2.75%.

4. Sponsor will be entitled to an annual asset management fee pro-rata and as set forth in the Management Agreement.

5. The Master Tenant will pay an annual property management fee in the initial amount equal to 2.75%, of the gross income generated by the Property. The Property Manager has subcontracted all day-to-day, on-site management, leasing and related functions for the Property to an unaffiliated sub-manager and expects to pass thru to the sub-manager the full 2.75% property management fee. The initial Property Sub-Manager is Rivergate KW Residential.

6. The rent payable under the Master Lease consists of: (1) an amount of Base Rent payable in arrears on the last day of each calendar month (the annual Base Rent amount being $1,205,153 for the 11 months ended 2022; (2) Additional Rent equal to the amount by which annual Gross Income (as defined in the Master Lease) exceeds the annual Additional Rent Breakpoint, as provided in the Master Lease (such breakpoint being $3,328,000 for the 11 months ended 2022) up to a maximum annual amount (such amount being $5,160,000 in 2031); and (3) Supplemental Rent equal to 90% of the amount by which annual Effective Gross Revenue exceeds the annual Supplemental Rent Breakpoint, as provided in the Master Lease (such breakpoint being $4,898,000 for the 11 months ended 2022) ("**Supplemental Rent**" and, collectively with the Base Rent and the Additional Rent, collectively the "**Rent**"). 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, BR 79 West Leasco, LLC. The Trust anticipates that this will result in additional income ranging from approximately $863 to $177,224 per year to the Master Tenant. Such amounts will not be available for distributions to the Trust or the Investors. The Master Tenant must pay the Base Rent to the Lender, as required, 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 year-end reconciliation. Supplemental Rent, if payable, is payable in arrears within 90 days after the end of each year. In addition, the Trust

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will be responsible for (and Rent will be reduced by) the amount by which the actual Uncontrollable Costs (with "**Uncontrollable Costs**" being comprised of property taxes, utility and insurance costs) exceed the Projected Uncontrollable Costs (as defined in the Master Lease and shown on Exhibit D, *Forecasted Statement of Cash Flow*), and the Master Tenant will pay to Appendix I – Page 2 the Trust (as Appendix I – Page 2 Additional Rent) the amount, if any, by which the Projected Uncontrollable Costs are greater than the actual Uncontrollable Costs.

7. Loan proceeds were used to fund in advance $910,448 into a Lender-controlled reserve account required under the Loan Documents (the "Green Replacement Reserve", "Lender Replacement Reserve", and "Tax and Insurance Escrow"). The Trust will also establish (and control) a reserve funded from proceeds of the Offering for Property costs and expenses, in the initial amount of $2,300,000 (the "Supplemental Trust Reserve"), same being available to Master Tenant for Landlord Costs and Lender Reserve requirements. Any amount remaining in the reserve accounts upon the sale of the Property shall be distributed to the Investors based on their respective pro rata Interests. The Property Condition Assessment ("PCA") from Blackstone Consulting LLC indicated that the Property is in generally good condition for properties of similar type and age in the area. The PCA Report identified that there are $50,000 in immediate repairs consisting of $38,000 for exterior repairs, power washing, and spot painting where needed, $5,000 for replacement of the inoperable pool filtration systems, $2,000 for all fire riser rooms to be inspected, sources of moisture identified and corrected, and all moisture and AMG impacted materials be replaced/remediated, and $5,000 to properly abandon an out of use irrigation well. The PCA Report recommended recurring capital reserves for likely repairs and replacements necessary during the next 12 years. The estimated total of the immediate and future capital needs is $839,654 primarily comprised of the following items: **Site:** Asphalt repairs and crack sealing ($10,000), and sealcoat and striping ($35,065). Subtotal: $45,065, **Architectural Components:** Exterior maintenance, painting, and sealing ($91,200), swimming pool liner ($21,000), swimming pool filtration equipment ($10,000), and swimming pool heater ($5,000). Subtotal: $127,200, **Mechanical / Electrical / Plumbing Components:** Water heaters ($60,800), and package units ($102,600). Subtotal: $163,400, **Dwelling Unit and Common Area Components:** Carpet ($109,440), vinyl plank flooring ($27,000), refrigerators ($72,281), range/stove ($62,644), dishwashers ($46,260), microwaves ($49,564), and washers and dryers ($136,800). Subtotal: $503,989.

Following completion of the sale of the Maximum Offering Amount, the Trust would have approximately $2,300,000 in the Supplemental Trust Reserve, plus $229,092 from the Lender Replacement Reserve, plus $363,069 from the Green Improvement Reserve (totaling $2,892,161), versus $839,654 estimated capital repair items estimated by the PCA Report.

8. The Forecasted Statement of Cash Flows depicts the Tax Equivalent Yield and the Percentage of Income Sheltered through the Offering based on the following depreciation assumptions. Allocations to building and site are derived from Plante & Moran Tax Consultant estimates which assume 90.0% allocation to the building. The building allocation amount of $65,325,291 is depreciated over 30 years for a total annual depreciation amount of $2,155,735. The calculations are also based on an assumed effective tax rate of 37% of taxable income.

9. Annual property tax estimates were derived with the assistance of a tax consultant Ryan, LLC.

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Investment Summary
BR 79 West, DST

OFFERING SUMMARY

Offering Price		
Forward 12 Months Net Operating Income	$	3,081,589
Capitalization Rate[1]		4.36%
Offering Price		**$80,818,253**
Gross Loan Proceeds		$38,431,000
Upfront DST Escrow / Repair Reserve / Green Reserve		(592,161)
Tax / Insurance / Interest Escrows		(318,287)
Net Loan Proceeds		$37,520,552
Offering Proceeds	$	42,387,253

Financing Terms		
Mortgage Principal		$38,431,000
Interest Rate		3.38%
Amortization		7 Year Interest Only, 30 Year Amortization
Annual Interest Only Payment	$	1,317,009
Annual Principal and Interest Payment	$	1,981,948
Maturity Date		February 1, 2032

11 months ending 2022 Return		
Additional Rent	$	1,570,250
Asset Management Fee [2]		(129,433)
Cash from Additional Rent	$	1,440,817
Supplemental Rent		2,307
Net Cash Flow	$	1,443,124
Annualized Cash on Cash Return		**4.01%**

ESTIMATED USE OF PROCEEDS

Sources		
Offering Proceeds	$	42,387,253
Gross Loan Proceeds		$38,431,000
Total Sources	**$**	**80,818,253**

Application			% of Offering Proceeds	% of Total Proceeds
Selling Commissions and Fees				
Selling Commission	$	2,543,235	6.00%	3.15%
Dealer Fee	$	593,422	1.40%	0.73%
Placement Agent Fee	$	529,841	1.25%	0.66%
Organization and Offering Expenses	$	254,324	0.60%	0.31%
Total	$	3,920,821	9.25%	4.85%
Costs of Acquisition				
Total Acquisition Costs	$	73,686,984		91.18%
Supplemental Reserves	$	2,300,000		2.85%
Lender Reserves and Escrows	$	910,448		1.13%
Total	$	76,897,432		95.15%
Total Application	**$**	**80,818,253**		

Total Acquisition Costs				
Real Estate Acquisition Price			$	70,600,000
Acquisition Fee				1,412,000
Acquisition Closing Costs				
Closing and Title Costs	$	294,498		
Third Party Reports and Due Diligence	$	144,384		
Legal Costs	$	230,525		
			$	669,407
Financing Closing Costs				
Lender Closing & Transfer Costs	$	90,206		
Lender & Acquisition Finance Expenses	$	915,372		
			$	1,005,578
Total Acquisition Costs			$	73,686,984

1 Based on first 12 months nominal NOI. Assumes base purchase price of $70,600,000.
2 100% asset management fee deferral in Year 1

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Net Operating Income Summary
BR 79 West, DST

	11 months ending 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032, 1 month
Total Gross Potential Rent	$ 4,742,540	$ 5,398,785	$ 5,511,485	$ 5,679,153	$ 5,851,922	$ 6,029,947	$ 6,213,387	$ 6,402,409	$ 6,597,180	$ 6,797,877	$ 575,739
Value Add Income	47,776	205,765	321,511	332,260	342,077	352,339	362,909	373,796	385,010	396,561	33,579
Miscellaneous Income	389,523	436,620	449,718	463,210	477,106	491,419	506,162	521,347	536,987	553,097	46,204
Total Income	$ 5,179,839	$ 6,041,170	$ 6,282,714	$ 6,474,623	$ 6,671,105	$ 6,873,705	$ 7,082,458	$ 7,297,552	$ 7,519,178	$ 7,747,534	$ 655,521
Vacancy and Credit Loss	(279,275)	(410,814)	(340,064)	(350,465)	(361,110)	(372,087)	(383,398)	(395,053)	(407,062)	(419,436)	(35,523)
Effective Gross Revenue	$ 4,900,564	$ 5,630,356	$ 5,942,650	$ 6,124,157	$ 6,309,995	$ 6,501,618	$ 6,699,060	$ 6,902,499	$ 7,112,116	$ 7,328,099	$ 619,998
Payroll	$ 431,933	$ 483,078	$ 496,363	$ 510,013	$ 524,038	$ 538,449	$ 553,257	$ 568,471	$ 584,104	$ 600,167	$ 50,126
Repairs and Maintenance	83,600	93,499	96,070	98,712	101,427	104,216	107,082	110,027	113,052	116,161	9,702
Landscaping and Turnover	262,181	293,226	301,290	309,575	318,088	326,836	335,824	345,059	354,548	364,298	30,426
Admin and Marketing	208,370	233,043	239,452	246,037	252,803	259,755	266,898	274,238	281,779	289,528	24,181
Total Controllable Expenses	$ 986,085	$ 1,102,846	$ 1,133,175	$ 1,164,337	$ 1,196,356	$ 1,229,256	$ 1,263,061	$ 1,297,795	$ 1,333,484	$ 1,370,155	$ 114,435
Utilities	$ 257,993	$ 288,541	$ 296,476	$ 304,629	$ 313,007	$ 321,614	$ 330,459	$ 339,546	$ 348,884	$ 358,478	$ 29,940
Taxes	548,357	627,086	657,424	689,292	722,765	742,641	763,064	784,048	805,610	827,764	70,877
Insurance	160,512	186,340	199,384	213,340	228,274	244,254	261,351	279,646	299,221	320,167	26,827
Total Uncontrollable Expenses	$ 966,862	$ 1,101,967	$ 1,153,283	$ 1,207,262	$ 1,264,046	$ 1,308,509	$ 1,354,874	$ 1,403,240	$ 1,453,714	$ 1,506,408	$ 127,644
Property Management Fee	$ 134,765	$ 154,835	$ 163,423	$ 168,414	$ 173,525	$ 178,794	$ 184,224	$ 189,819	$ 195,583	$ 201,523	$ 17,050
Total Expenses	$ 2,087,712	$ 2,359,648	$ 2,449,881	$ 2,540,013	$ 2,633,927	$ 2,716,560	$ 2,802,159	$ 2,890,854	$ 2,982,782	$ 3,078,086	$ 259,129
Net Operating Income	**$ 2,812,851**	**$ 3,270,708**	**$ 3,492,769**	**$ 3,584,144**	**$ 3,676,067**	**$ 3,785,058**	**$ 3,896,902**	**$ 4,011,645**	**$ 4,129,334**	**$ 4,250,013**	**$ 360,869**

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Forecasted Statement of Cash Flows
BR 79 West, DST

		1	2	3	4	5	6	7	8	9	10	STUB2
		11 months ending 2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032, 1 month**
EFFECTIVE GROSS REVENUE		**$ 4,900,564**	**$ 5,630,356**	**$ 5,942,650**	**$ 6,124,157**	**$ 6,309,995**	**$ 6,501,618**	**$ 6,699,060**	**$ 6,902,499**	**$ 7,112,116**	**$ 7,328,099**	**$ 619,998**
Total Expenses		2,087,712	2,359,648	2,449,881	2,540,013	2,633,927	2,716,560	2,802,159	2,890,854	2,982,782	3,078,086	259,129
NET OPERATING INCOME		**$ 2,812,851**	**$ 3,270,708**	**$ 3,492,769**	**$ 3,584,144**	**$ 3,676,067**	**$ 3,785,058**	**$ 3,896,902**	**$ 4,011,645**	**$ 4,129,334**	**$ 4,250,013**	**$ 360,869**
Master Lease Rent												
BASE RENT												
(Debt Service)		1,205,153	1,317,009	1,320,617	1,317,009	1,317,009	1,317,009	1,320,617	1,981,948	2,040,101	2,040,101	170,008
Master Tenant Base Income [1]		35,134	43,343	39,502	102,978	129,064	146,431	177,224	47,199	47,118	41,813	863
ADDITIONAL RENT												
Additional Rent Breakpoint		*$ 3,328,000*	*$ 3,720,000*	*$ 3,810,000*	*$ 3,960,000*	*$ 4,080,000*	*$ 4,180,000*	*$ 4,300,000*	*$ 4,920,000*	*$ 5,070,000*	*$ 5,160,000*	*$ 430,000*
Additional Rent		$ 1,570,250	$ 1,854,200	$ 1,854,200	$ 1,854,200	$ 1,854,200	$ 1,854,200	$ 1,854,200	$ 1,854,200	$ 1,854,200	$ 1,854,200	$ 154,517
Asset Management Fee		(129,433)	(141,200)	(141,200)	(141,200)	(141,200)	(141,200)	(141,200)	(141,200)	(141,200)	(141,200)	(11,767)
Deferred Asset Management Fee		129,433	-	-	-	-	-	-	-	-	-	-
Additional Rent Cash Flow [2]		**$ 1,570,250**	**$ 1,713,000**	**$ 1,713,000**	**$ 1,713,000**	**$ 1,713,000**	**$ 1,713,000**	**$ 1,713,000**	**$ 1,713,000**	**$ 1,713,000**	**$ 1,713,000**	**$ 142,750**
Initial Capital	$ 42,387,253											
Additional Rent Cash on Cash Return		**4.00%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**
SUPPLEMENTAL RENT												
Supplemental Rent Breakpoint		*$ 4,898,000*	*$ 5,574,000*	*$ 5,664,000*	*$ 5,814,000*	*$ 5,934,000*	*$ 6,034,000*	*$ 6,154,000*	*$ 6,774,000*	*$ 6,924,000*	*$ 7,014,000*	*$ 585,000*
Master Tenant Supplemental Income [3]	10.0%	$ 231	$ 5,616	$ 27,845	$ 30,996	$ 37,579	$ 46,742	$ 54,486	$ 12,830	$ 18,792	$ 31,390	$ 3,548
Supplemental Rent	90.0%	$ 2,307	$ 50,721	$ 250,785	$ 279,142	$ 338,395	$ 420,856	$ 490,554	$ 115,649	$ 169,304	$ 282,689	$ 31,498
Trust Reserve Account		-	-	-	-	-	-	-	-	-	-	-
Supplemental Rent Cash Flow [4]		$ 2,307	$ 50,721	$ 250,785	$ 279,142	$ 338,395	$ 420,856	$ 490,554	$ 115,649	$ 169,304	$ 282,689	$ 31,498
Supplemental Rent Cash on Cash Return		0.01%	0.12%	0.59%	0.65%	0.79%	0.98%	1.15%	0.27%	0.40%	0.66%	0.88%
Total Cash Flow		$ 1,572,557	$ 1,763,721	$ 1,963,785	$ 1,992,142	$ 2,051,395	$ 2,133,856	$ 2,203,554	$ 1,828,649	$ 1,882,304	$ 1,995,689	$ 174,248
Total Cash on Cash Return		**4.01%**	**4.12%**	**4.59%**	**4.65%**	**4.79%**	**4.98%**	**5.15%**	**4.27%**	**4.40%**	**4.66%**	**4.88%**
FORECASTED PRINCIPAL AMORTIZATION												
Beginning Loan Balance		$ 38,431,000	$ 38,431,000	$ 38,431,000	$ 38,431,000	$ 38,431,000	$ 38,431,000	$ 38,431,000	$ 38,431,000	$ 37,756,289	$ 36,998,087	$ 36,213,490
Principal Amortization		-	-	-	-	-	-	-	674,711	758,202	784,597	64,607
Ending Balance		**$ 38,431,000**	**$ 38,431,000**	**$ 38,431,000**	**$ 38,431,000**	**$ 38,431,000**	**$ 38,431,000**	**$ 38,431,000**	**$ 37,756,289**	**$ 36,998,087**	**$ 36,213,490**	**$ 36,148,883**
Loan to Offering Price		*47.6%*	*47.6%*	*47.6%*	*47.6%*	*47.6%*	*47.6%*	*47.6%*	*46.7%*	*45.8%*	*44.8%*	*44.7%*
Yield		**4.01%**	**4.12%**	**4.59%**	**4.65%**	**4.79%**	**4.98%**	**5.15%**	**5.85%**	**6.17%**	**6.49%**	**6.69%**

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TAX ANALYSIS FOR NON-1031 INVESTOR												
Cash Return less Depreciation and Amortization	(686,723)	(429,895)	(232,812)	(205,114)	(146,831)	(65,575)	3,045	298,469	434,859	572,853	149,448
Estimated Tax Refund / Benefit @ 37.0% Tax rate	$ (254,088)	$ (159,061)	$ (86,140)	$ (75,892)	$ (54,328)	$ (24,263)	$ 1,127	$ 110,804	$ 160,898	$ 211,956	$ 55,296
Yield Net of Tax Benefit/ (Due)	$ 1,809,962	$ 1,904,748	$ 2,029,891	$ 2,047,717	$ 2,084,813	$ 2,136,384	$ 2,179,996	$ 2,367,127	$ 2,452,808	$ 2,540,131	$ 181,732
Effective Tax Equivalent Yield	**6.79%**	**7.15%**	**7.62%**	**7.68%**	**7.82%**	**8.02%**	**8.18%**	**8.88%**	**9.20%**	**9.53%**	**0.68%**
Percentage Sheltered	**144.14%**	**124.63%**	**111.98%**	**110.40%**	**107.23%**	**103.10%**	**99.86%**	**83.45%**	**76.66%**	**71.00%**	**13.65%**

FORECASTED LENDER RESERVE ACCOUNT

		11 months ending 2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032, 1 month**
Beginning Balance		$ 592,161	$ 231,150	$ 232,309	$ 233,473	$ 234,644	$ 235,820	$ 237,002	$ 238,190	$ 239,384	$ 240,584	$ 241,790
Lender Reserve Contribution		76,362	83,296	83,296	83,296	83,296	83,296	83,296	83,296	83,296	83,296	6,942
Capital Expenditures	$274 per unit	(76,362)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(6,942)
Green Reserve Expenses		(363,069)										
Interest Income	0.50%	2,058	1,159	1,164	1,170	1,176	1,182	1,188	1,194	1,200	1,206	1,212
Ending Balance		$ 231,150	$ 232,309	$ 233,473	$ 234,644	$ 235,820	$ 237,002	$ 238,190	$ 239,384	$ 240,584	$ 241,790	$ 243,002

FORECASTED SUPPLEMENTAL TRUST RESERVE ACCOUNT

Beginning Balance		$ 2,300,000	$ 1,636,729	$ 1,315,092	$ 1,238,179	$ 1,160,880	$ 1,083,195	$ 1,005,119	$ 926,653	$ 847,793	$ 768,538	$ 688,885
Reserve Contribution		-	-	-	-	-	-	-	-	-	-	-
Syndication Transfer Tax Reserve		-	-	-	-	-	-	-	-	-	-	-
Contribution to Lender Reserves		(76,362)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(83,296)	(6,942)
Interior Reno Expenses		(596,751)	(245,721)	-	-	-	-	-	-	-	-	-
Interest Income	0.50%	9,842	7,380	6,383	5,998	5,610	5,221	4,829	4,436	4,041	3,644	3,436
Ending Balance		$ 1,636,729	$ 1,315,092	$ 1,238,179	$ 1,160,880	$ 1,083,195	$ 1,005,119	$ 926,653	$ 847,793	$ 768,538	$ 688,885	$ 685,379
Total Reserve Amount		$ 1,867,879	$ 1,547,401	$ 1,471,652	$ 1,395,524	$ 1,319,015	$ 1,242,121	$ 1,164,843	$ 1,087,177	$ 1,009,122	$ 930,675	$ 928,381

FORECASTED LENDER CONTROLLED IMMEDIATE REPAIRS ACCOUNT

Beginning Balance												
Upfront Immediate Repairs		-	-	-	-	-	-	-	-	-	-	-
Contribution to Lender Reserves		-	-	-	-	-	-	-	-	-	-	-
Interest Income	0.50%											
Ending Balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

[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. Such amounts will not be available for distributions to the Trust or the Investors.

[2] 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 Effective Gross Revenue exceeding the Supplemental Rent Breakpoint, as provided in the Master Lease.

[4] The Supplemental Rent will be estimated and paid on an annual basis with year-end reconciliation within 90 days of the end of the calendar year.

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OFFERING HIGHLIGHTS

BR 79 WEST, DST	$100,000 MINIMUM INVESTMENT
Assumed Debt (0.23356% interest):	$89,760
Offering Purchase Price: includes $2,300,000 in Supplemental Trust Reserves	$80,818,253
Equity Amount:	$42,387,253
Loan Amount:	$38,431,000
Loan Terms:	47.30% Loan-to-Capitalization; 10-Year Term, 7-Year Interest Only; 3.38% Fixed Interest Rate
Projected Hold Period:	Approx. 7-10 Years
Current Cash Flow to Trust Under Master Lease:	4.00% annual rate, paid monthly*

*Figure reflects Additional Rent paid pursuant to Master Lease, shown on an annualized basis as a percentage of equity invested in the Property. Current cash flow is not an assurance of future results and does not directly represent investor return. There is no guarantee Investors will receive distributions or the return of their capital. See the "Risk Factors" section in the Memorandum. Additional Rent represents rent paid to the Trust out of gross revenues from the property in excess of the Base Rent, which covers debt service and lender reserves, operating costs of the Property and asset management fee. See the "Summary of the Master Lease" section in the Memorandum.

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BR 79 West, DST

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Minimum Purchase: 0.23356% Interest ($100,000 of equity and $89,760 of estimated debt)

Maximum Offering Amount: $42,387,253 of equity

The Sponsor has not authorized any person to make any representations or furnish any information with respect to the Offering or the Interests, other than as set forth in this Memorandum or other documents or information the Sponsor or Bluerock may furnish to you upon request. This Memorandum constitutes an offer only to the person whose name appears in the appropriate space on the cover page. Furthermore, the delivery of this Memorandum to you will not constitute an offer, or solicitation of an offer, to purchase the Interests to anyone in any jurisdiction in which such an offer or solicitation is not authorized.

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